
SKAGIT COUNTY PROFILE

JUNE 1997

Labor Market and Economic Analysis Branch
Employment Security Department

This report has been prepared in accordance with
RCW 50.12.260.

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INTRODUCTION

This report profiles the labor market and economic characteristics of Skagit County. It was prepared by the Labor Market and Economic Analysis (LMEA) Branch of the Washington State Employment Security Department and is one in a series that profiles labor market and economic conditions in each of Washington's 39 counties.

The profile is designed to assist state and local planners in developing local economic strategies. It is also an effective tool for answering labor market and economic questions frequently asked about the county. Readers with specific information needs should refer to the *Table of Contents* or to the *data appendix* to more quickly access those sections of particular interest to them.

Like the earlier *Skagit County Profile* of March 1993, the purpose of this report is to provide a comprehensive

labor market and economic analysis of Skagit County. Characteristics profiled include the following:

- physical geography, economic history, and demographics
- labor force composition and trends
- industries, employment, income, and earnings
- skills and occupations
- economic development and job training

Much of the information in this report is regularly updated on the LMEA Internet homepage. The homepage contains current and historical labor market information which can be accessed by area or by type of information. The site address is:

<http://www.wa.gov/esd/lmea>

Any inquiries or comments about information in the profile should be directed to the Labor Market and Economic Analysis Branch.

GEOGRAPHY

Skagit County is situated in the northwestern part of Western Washington. It is bounded by Whatcom County to the north, Snohomish County to the south, and parts of Chelan and Okanogan counties to the east. To its west lie the Strait of Juan de Fuca and the mouth of Puget Sound, as well as San Juan and Island counties which lie scattered off its coastline.

Constituting a geographic area of 1,735 square miles, or just over 2.6 percent of the state's total land area, Skagit County ranks a modest 21st among Washington counties in size.

The county is one of marked contrasts. The western one-third includes a broad delta and flood plain, both of which extend inland through the rich and fertile Skagit Valley, or Skagit Flats. At its western extreme, the county's boundary envelops some of the islands perched on the

leeward edge of the San Juan Archipelago, including the large Fidalgo Island. The eastern two-thirds of the county are dominated by the rugged, heavily wooded and mountainous Cascade Range. Most of the Cascades that run through Skagit County are part of either the Mount Baker National Forest or North Cascades National Park. The highest point in Skagit County is Mount Logan (8,966 feet), the peak around which the North Cascades National Park was defined.

From its origin in the northeastern part of the county, the Skagit River flows down from the Cascades. Along the county's north central border it passes Lake Shannon, a body of water created by the Lower Baker Dam. From there, it continues west before emptying into the mouth of Puget Sound.

ECONOMIC HISTORY

Skagit County derives its name from the Indian tribe which once inhabited much of the area. The county was established through a bill passed by the Washington Territorial Legislature on November 24, 1883. Skagit County was created by partitioning what was then Whatcom County. The right to be a county, however, was not gained easily. The area about to become Skagit County was in the midst of an economic boom and Whatcom County officials argued forcefully against the bill. But to no avail: Governor William Newell signed it on November 30, 1883.

Commerce and industry existed in the region long before it became a county. Indians plied the coast in canoes fishing for salmon and hunting mammals for furs and pelts. The first white settlers were mostly homesteaders who arrived in the mid-1850s. Although their initial attempts to establish Skagit Valley as an agricultural region failed, farming took hold in 1863 when settlers in La Conner successfully planted and harvested a modest barley crop.

The 1870s stand out as the watershed decade of economic expansion in Skagit County. By 1873, all of the Skagit islands were settled and farming machinery was being used in harvesting. Most of Skagit Flats was cultivated soon after. The region's principal crops were oats, barley and hay.

At the same time, the town of Coupeville (in Island County) emerged as the major port of trade for goods and supplies from San Francisco and other parts of the world, thus serving as the region's ear and, at times, lifeline, to the rest of the world. A travel route between Coupeville and La Conner brought both towns prosperity.

Also in 1873, significant deposits of limestone, coal and iron were discovered along the Skagit River between what are now the towns of Concrete and Marblemount. Several years later, a gold rush occurred in the upper

Skagit Valley. It would be shortlived however, as news of Alaskan gold emptied the valley of miners.

Although the gold boom faded, the logging boom was here to stay. In the span of a couple of years, logging towns appeared along the Skagit River wherever there were forests to be harvested. Not far behind came sawmills, shippers, and other complementary industries. The logging industry soon dominated the area's economy, particularly in the upper valley.

In the late-1870s, the commercial salmon and cod fishing industries began in Skagit County. Concentrated around Anacortes and La Conner, fishing spread quickly from the Skagit River to Puget Sound. Complementary industries such as canning and packing were quickly established in its wake. A vegetable seed growing industry also proved to be profitable during this period.

By the turn of the century, the main economic activities in Skagit County were natural resources oriented. Dairy farming, logging, lumber production, fishing, and other agricultural activities provided the backbone of the county's industrial base. But other industries would also appear.

In the mid-1950s, Shell Oil Company built an oil refinery on Fidalgo Island near Anacortes. In 1958, Texaco followed suit and erected a refinery nearby. Both provided a substantial boost to the local economy.

Beginning in the 1970s, but especially through the mid-1980s, regional and national economic downturns hit Skagit County hard. The adverse impact was particularly evident in the lumber and wood products industry, as well as the food processing industry. Since then, however, economic expansion has been a consistent factor in the Skagit County economy. This profile focuses principally on the period since 1970.

POPULATION

Trends

An area's population is seen as an important indicator, albeit lagging, of the area's economic health or stagnation. As a general rule, people follow jobs. Significant population growth usually signals a robust economy, or at least access to a robust economy and jobs. Skagit County's location between two major metropolitan areas, and the health of its own industries, has been a major draw.

With the exception of 1972, the population of Skagit County increased every year from 1970 to 1996 (see *Figure 1*). Skagit County's estimated 1996 population of 95,500 was 82 percent greater than it was in 1970, indicating an average annual growth rate of 2.3 percent. In comparison, the state as a whole grew 61 percent during the same period, a 1.9 percent annual growth rate.

The course of the county's population growth over the 1970 to 1996 time period fluctuated. Change in the early 1970s was flat, a result of the national recession (and the Boeing Bust) which erased a tremendous number of jobs in the Puget Sound area, spurring outmigration. Growth then picked up rapidly until the doubledip recessions of the early-1980s, which lowered population gains until 1987. *Figure 2*, an indexed look at population growth for the state and Skagit County, depicts the fairly similar

population changes in the state and Skagit County over the 1970 to 1986 period.

From 1987 to 1996, Skagit County boomed, averaging an annual growth rate of 3.3 percent, widely surpassing the state's respectable 2.2 percent average population increase. The 1990-91 national recession did little to lessen the county's expansion. The ensuing expansion has only further strengthened Skagit's population growth.

Figure 2
Population Trend
Skagit County & Washington, 1970-1996
Source: Office of Financial Management

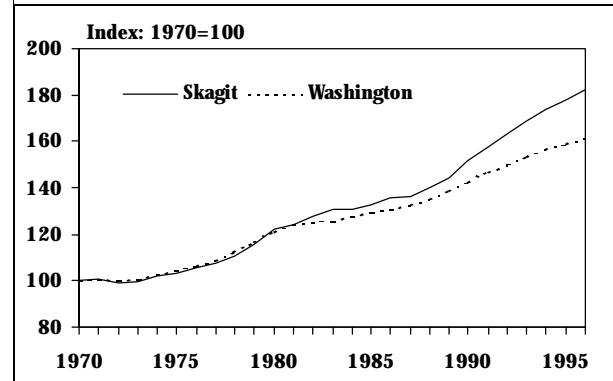


Figure 1
Population Trend
Skagit County, 1970-1996
Source: Office of Financial Management

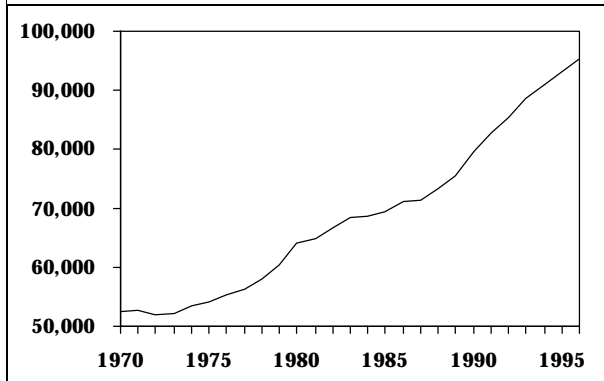
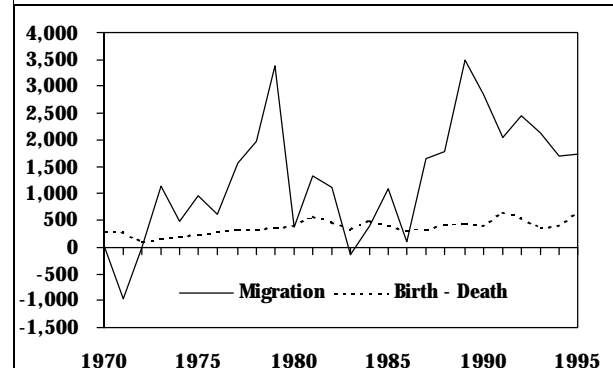


Figure 3
Population Migration
Skagit County, 1970-1995
Source: Office of Financial Management



Population change consists of two components: the natural change resulting from births less deaths, and the migratory change resulting from in-migration less out-migration. From 1970 to 1996, the county's population grew by 43,119 people, or 82 percent. Of this growth, 77 percent resulted from net migration (*see Figure 3 on*

the previous page). Statewide, net migration accounted for 60 percent of the population increase. If migration were excluded from the equation, Skagit County's population would have only increased by 19 percent and the state's would have increased by 25 percent.

Cities and Towns

In 1996, there were eight incorporated cities and towns in Skagit County. Of these, the largest is Mount Vernon (population 21,820), which serves as the county seat. Mount Vernon accounts for roughly 23 percent of the county's total population. Other major cities include Anacortes (population 13,140), Sedro Woolley (population 7,540), and Burlington (population 5,445). Over

the 1990-1996 period, the unincorporated and incorporated areas have both experienced a 20 percent increase in population (*see Figure 4*). Other significant jurisdictions include the Swinomish Indian Reservation, home to many Swinomish and Skagit Indians, and the Upper Skagit Indian Reservation beyond Sedro Woolley.

Figure 4
Population of Cities, Towns, and County
April 1, 1990 to April 1, 1996
Source: Office of Financial Management

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 |
|----------------------|--------|--------|--------|--------|--------|--------|--------|
| Skagit County | 79,545 | 82,790 | 85,490 | 88,500 | 91,000 | 93,100 | 95,500 |
| Unincorporated | 37,841 | 39,139 | 40,490 | 42,213 | 43,260 | 43,936 | 45,442 |
| Incorporated | 41,704 | 43,651 | 45,000 | 46,287 | 47,740 | 49,164 | 50,058 |
| Anacortes | 11,451 | 11,700 | 12,110 | 12,260 | 12,510 | 12,820 | 13,140 |
| Burlington | 4,349 | 4,760 | 4,690 | 4,690 | 5,170 | 5,385 | 5,445 |
| Concrete | 735 | 735 | 730 | 730 | 740 | 740 | 765 |
| Hamilton | 228 | 230 | 230 | 234 | 240 | 250 | 248 |
| La Conner | 686 | 720 | 690 | 713 | 720 | 737 | 780 |
| Lyman | 275 | 290 | 290 | 290 | 290 | 312 | 320 |
| Mount Vernon | 17,647 | 18,720 | 19,550 | 20,450 | 20,950 | 21,580 | 21,820 |
| Sedro-Woolley | 6,333 | 6,496 | 6,710 | 6,920 | 7,120 | 7,340 | 7,540 |

Population by Age Groups

The Office of Financial Management has released projections of population change by age groups. Changes in each group's share of the general population have significance if we make the following assumptions about group characteristics:

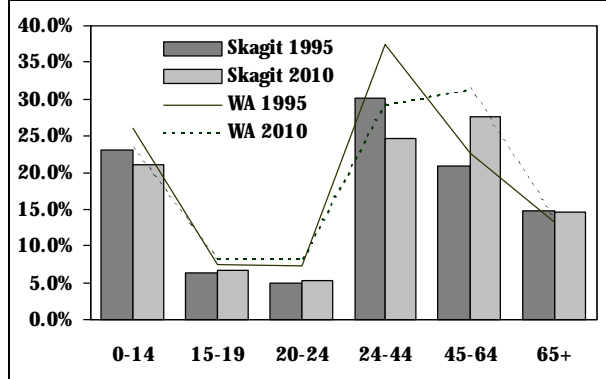
- 0-14 - Infants or adolescents a decade or two removed from the labor force.
- 15-19 - Prospective new entrants in the labor force, less college students.
- 20-24 - New entrants into the labor force.

- 25-44 - Workers in their prime years of work productivity.
- 45-64 - Mature workers with years of accumulated skills and experience.
- 65+ - Retirees.

In Skagit County, and in Washington, the population is getting older. *Figure 5* demonstrates the changes in the two areas from 1995 and 2010. In both areas, the Baby Boomers, those born between 1946 and 1964, constitute a large segment of the population with the older ones recently turning 50. As this group ages, some significant changes should occur in the population.

Older, experienced workers (aged 45 to 64) should garner an even larger share of the total population in the future. Those in their prime productivity years (25 to 44), will see their share decrease as the smaller percentage of 15-to-24 years olds reach that age group. The labor force derived from the populace will be older and more experi-

Figure 5
Population by Age Groups
Skagit County & Washington, 1995 & 2010
Source: Office of Financial Management

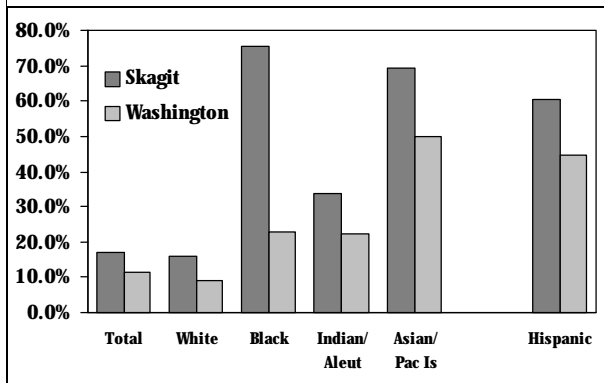


enced, but possibly more resistant to change. A shortage of young, entry-level workers is a possibility.

Race and Ethnicity

In 1995, 95.3 percent of Skagit County residents were white, as compared to 88.6 percent for the state as a whole. The Native American population (2,401) accounted for 2.6 percent of the county population, slightly above the 2.0 percent state share. Other races were low in numbers and shares with Asian and Pacific Islanders (1,414) and blacks (521) accounting for just 1.5 and 0.6 percent of the population. For Washington, these groups account for 6.0 and 3.4 percent of the population, respectively.

Figure 6
Population % Change by Race/Hispanic Origin
Skagit County & Washington, 1990-1995
Source: Office of Financial Management



Growth in recent years is another matter. From 1990 to 1995, the 15.8 percent growth of the white population is considerably below the 48.1 percent non-white growth rate. This is a similar phenomenon throughout the state (9.1 percent growth for whites and 35.6 percent growth for other races). Native Americans increased by 33.6 percent (1,797 to 2,401), Asian/Pacific Islanders rose by 69.5 percent (834 to 1,414), and African Americans rose by 75.4 percent (297 to 521). *Figure 6* compares the percentage growth in each racial category for Skagit and the state of Washington.

From an ethnic rather than a racial perspective, people of Hispanic origin comprise a substantial and growing segment of the Skagit population. Their numbers rose from 4,335 to 6,955 over the 1990-1995 period, composing 7.5 percent of the 1995 population. *Figure 6* also includes the Hispanic growth rate of Skagit County (60.4 percent) and the state (44.6 percent).

CIVILIAN LABOR FORCE

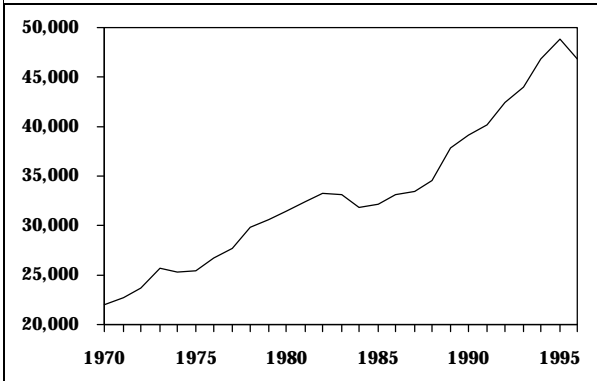
The resident civilian labor force is defined as all people 16 years of age and older in a specified geographic area who are either working or actively seeking work. This excludes those serving in the armed forces. Like the general population, the labor force can be seen as a key economic indicator. Patterns of growth and

decline in a county's labor force are largely driven by economic cycles as well as activity in the local industry sectors. Since gross domestic product and gross state product are not gathered at the county level, labor force changes, as well as other measures, serve as proxies of economic performance.

Trend

Skagit County's resident civilian labor force has increased in size from 21,990 in 1970 to 46,910 in 1996. Its overall growth during this period (113 percent) has been greater than statewide growth (104 percent) and significantly larger than national labor force growth (62 percent). *Figure 7* shows that the growth, though, has not always been even. National recessions in the early 1970s and 1980s caused the labor force to decline slightly at times. In recent years (1988 to 1996), growth in Skagit County's labor force (35.5 percent) has markedly surpassed the state growth (24.7 percent).

Figure 7
Civilian Labor Force
Skagit County, 1970-1996
Source: Employment Security Department



Demographics

Demographic data on the civilian labor force are prepared in a fashion that combines race and ethnicity so that minority characteristics can be counted. Unlike Census data on the general population, those of Hispanic origin are not counted in their racial groups.

In 1995 (the latest available demographic data), the Skagit County labor force was overwhelmingly non-Hispanic white (89.5 percent) and predominantly male (56.1 percent). Non-Hispanic Native Americans accounted for 2.2 of the labor force while non-Hispanic Asian/Pacific Islanders accounted for 1.4 percent and

non-Hispanic blacks for 0.2 percent of the labor force. Those of Hispanic origin accounted for 6.7 percent of the labor force.

Of the whites, 55.9 percent were male and 44.1 percent were female. Male predominance in the labor force also held true for Native Americans (57.5 percent to 42.5 percent), Asian/Pacific Islanders (53.8 percent to 46.2 percent), and blacks (72.2 percent to 27.3 percent). Those of Hispanic origin were 58.1 percent male and 41.9 percent female.

UNEMPLOYMENT

The civilian labor force consists of both those who are working and those without a job who are looking for work. The unemployment rate is the percentage of the total labor force who are not working but who are actively looking for work. The unemployed do not include retirees, persons in institutions (including students), or those who have come to be known as “discouraged workers,” i.e., persons who would like to work but who are not actively searching for a job. None

of these groups of people are included in the unemployment figures because they are not looking for work.

At the national level, the unemployment rate is determined by a monthly survey of households. At the local level, the state’s portion of this household survey is integrated with other information (e.g., unemployment insurance claims and surveys of business establishments) to produce unemployment rates at the state and county level.

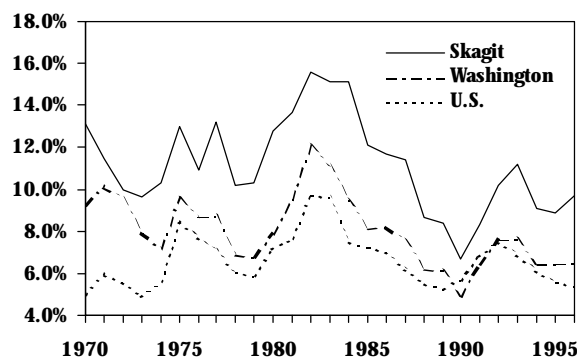
Trend

The unemployment rate for Skagit County has historically been higher than for Washington and the United States. Even so, unemployment in the county follows the same patterns set by the state and the nation, indicating the interconnectedness of their economies. As the economy contracts, unemployment rises, and as it expands, unemployment shrinks (*see Figure 8*).

After the 1970 recession, employment increased rapidly. Oil prices began to soar. Now more profitable, oil drilling in Alaska proliferated. As the manufacturers of oil drilling modules for Alaska-based companies, many Skagit County firms experienced substantial job growth. Consequently, by 1973, the county’s annual average jobless rate fell to 9.6 percent from 13.1 percent in 1970. In Skagit County, the mid-1970s recession (1974-75) caused the county’s labor force to dip slightly by about 2 percent and the annual average jobless rate to rise to 13.0 percent. There was a period of recovery between 1975 and 1980 for the state and the nation, but Skagit County experienced another year of high unemployment (13.3 percent) in 1977. In the following two years, the county’s labor force and employment took on aspects of recovery.

When the two recessions of the early-1980s struck, Skagit County was hard hit. Although employment grew, the labor force rose by a greater percentage. For three years between 1981 and 1983, the annual average unemployment rate exceeded 15 percent. While other counties, the state on average, and the nation were recovering from two severe recessions, Skagit County still had high jobless

Figure 8
Unemployment Rates
Skagit, Washington, & U.S., 1970-1996
Source: Employment Security Department



rates. As late as 1987 the annual average unemployment rate still had not fallen below 11 percent.

In 1988, though, the rate of joblessness started declining and continued doing so until 1990, when it hit its lowest level of at least the last quarter century (6.7 percent). The growth in the labor force and the unusually low unemployment rates can mainly be attributed to job creation in the nonmanufacturing sectors. While food processing and some other manufacturing industries showed very good growth, almost nine-tenths of the new jobs since 1987 stemmed from nonmanufacturing, with the greatest number found in the trade sector.

The national recession of 1990-91 sent the rate upward, though, and in 1993 it reached 11.2 percent.

The rate moved down in 1994 and 1995 and inched back up some in 1996 to its 9.7 percent level. In the first four months of 1997, however, the rate has been

running substantially lower than it was the same period a year earlier.

Industrial Typology

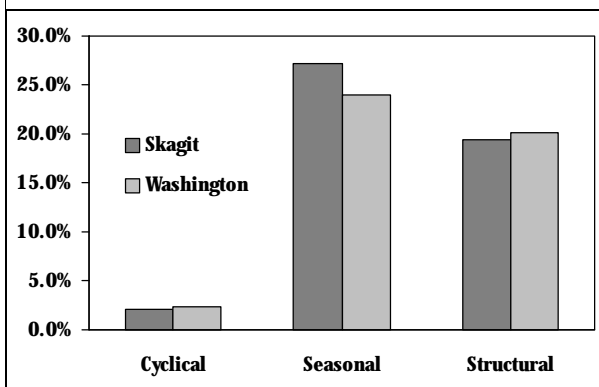
A number of specific industries within Washington State have been defined as being seasonal, cyclical, or structurally mature. These designations relate to the level of variation in employment or to a decrease in employment over specific time periods. Because all three categories are reflective of employment instability or decline, the degree to which a county's economic base depends upon these industries reveals a tendency toward or away from unemployment.

The number of workers employed in these type industries in Skagit County have been tabulated (see *Figure 9*). In 1995, 27 percent of all employment was concentrated in seasonal industries, 19 percent in structurally mature industries, and 2 percent in cyclical industries. In comparison, the statewide typology was 24 percent seasonal, 20 percent structurally mature, and 2 percent cyclical.

Industries with *seasonal* employment patterns are characterized by large employment increases and decreases in particular months of the year. These variations occur during the same months each year and are caused by factors that repeat each year. Poor weather conditions, holiday seasons, and weather related activities such as harvesting are examples of such factors. Industries with *cyclical* employment patterns are characterized by sharp increases and decreases in employment during periods of general economic growth and contraction. The employment patterns are generally related to upswings and downturns in overall economic activity. Industries such as ship building and aerospace and automobile manufacturing are examples. *Structurally mature* industries are characterized by long-term declines in total annual average employment. These declines may be the result of increased productivity, automation, technological change, exhaustion of natural resources, or other factors.

Note: An industry can be recognized in more than one typology. Construction, for example, is very dependent

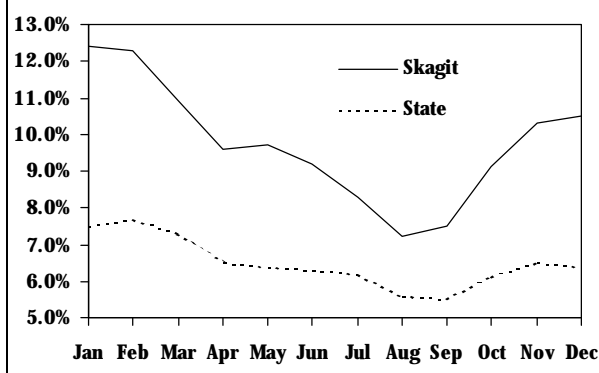
Figure 9
Industrial Typology
Skagit County & Washington, 1995
Source: Employment Security Department



upon weather and is also highly sensitive to fluctuations in overall economic activity, i.e., the business cycle. It has been categorized as both seasonal and cyclical.

Skagit County has a higher concentration of workers in seasonal industries than does the state but almost the same levels in structurally mature and cyclical industries. Because the number of workers in the county, compared to the state, are, proportionally, about the same in the last two types of industry, there should be correspondence with the state in unemployment resulting from alternations in the business cycle or from structural changes. Indeed, as *Figure 10* on the next page shows, unemployment in the county tracks very closely with the state (albeit, at a higher level); it rises and falls simultaneously and the amplitude of the changes is about the same. During the course of a year, though, Skagit County has sharper variations in unemployment than does the state. The difference between the highest and lowest rates, by month, was 4.9 percentage points in the county and only 2.2 percent statewide. Skagit County's large (and highly seasonal) agricultural sector strongly contributes to the seasonality of unemployment.

Figure 10
Unemployment Rates
Skagit County & Washington, Jan - Dec, 1996
Source: Employment Security Department

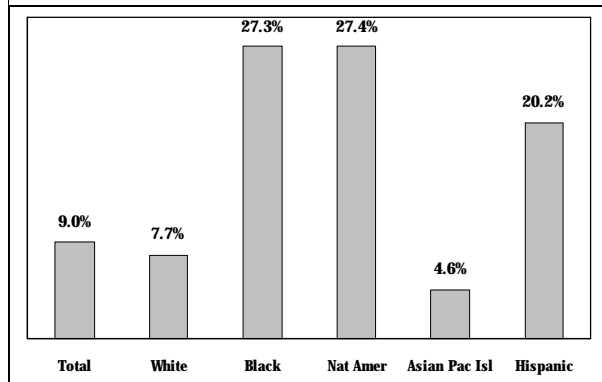


Unemployment by Race and Sex

Estimates of unemployment rates by race and sex are made by Employment Security Department analysts based upon the 1990 Census and subsequent growth in the labor force and population. The most recent estimates are for 1995 and show sharp differences between the unemployment of whites and of non-white groups (except Asians and Pacific Islanders). With the overall rate for 1995 estimated at 9.0 percent, the rate for whites was more than a full percentage point less than that at 7.7 percent, and for Asians and Pacific Islanders, the rate was half of that at 4.6 percent. Blacks and Native Americans, however, had extremely high rates, both over 27 percent. Those of Hispanic origin had about 20 percent of their numbers unemployed.

Overall for women, unemployment was less than for men (8.4 versus 9.5 percent). Among women, blacks and those of Hispanic origin had higher unemployment than their male counterparts while in the other racial groups, males had higher unemployment.

Figure 11
Unemployment by Race/Hispanic Origin
Skagit County, 1995
Source: Employment Security Department



The patterns above are the same as statewide, in that whites and Asians and Pacific Islanders throughout the state have the lowest unemployment rates, and unemployment among women is less than among men.

Unemployment Insurance Claims

Figure 12 on the opposite page shows unemployment insurance claims, categorized by broad occupational groupings, in Skagit County and Washington State for the period July 1, 1996 to June 31, 1997. Claims from the category called structural work, primarily construction

occupations, are by far the most numerous in the county. More than one in four originated from that grouping. While it is also the largest statewide, it accounts for only 17 percent of the total. Skagit County and the state also have the same grouping as the second largest category:

professional, technical, and managerial. The share of claims, though, is much larger statewide (17 percent) than in the county (12 percent). Agriculture and related occupations hold the third spot in Skagit County (11 percent) and service occupations are next (10 percent).

About one-third of all jobs in Skagit County are in the blue-collar grouping, yet they generate about 64 percent of all UI claims. While the difference is not so great

statewide, the same pattern prevails. Most of these claims come from construction and related occupations where it is commonplace for jobs to be of relatively short duration. While waiting for the next project to begin, workers will file for UI benefits. Because virtually all such jobs are of finite duration, the result is a large number of UI claims.

Figure 12
Unemployment Insurance Claimants
Skagit County & Washington State, July 1, 1996 - June 30, 1997
Source: Employment Security Department

| | Skagit County | | Washington State | |
|-----------------------------------|---------------|---------------|------------------|---------------|
| | Claimants | Percentage | Claimants | Percentage |
| Structural Work | 2,171 | 25.9% | 64,054 | 17.3% |
| Professional/Technical/Managerial | 996 | 11.9% | 62,531 | 16.9% |
| Agriculture, Forestry and Fishing | 920 | 11.0% | 26,930 | 7.3% |
| Service | 868 | 10.3% | 38,960 | 10.5% |
| Clerical | 790 | 9.4% | 42,905 | 11.6% |
| Machine Trades | 549 | 6.5% | 23,242 | 6.3% |
| Processing | 526 | 6.3% | 16,779 | 4.5% |
| Motor Freight and Transportation | 459 | 5.5% | 17,141 | 4.6% |
| Packaging and Material Handling | 399 | 4.8% | 29,282 | 7.9% |
| Sales | 292 | 3.5% | 19,037 | 5.1% |
| Miscellaneous, NEC | 235 | 2.8% | 17,659 | 4.8% |
| Benchwork | 190 | 2.3% | 12,155 | 3.3% |
| Total | 8,395 | 100.0% | 370,675 | 100.0% |
| White-Collar* | 2,946 | 36.1% | 163,433 | 46.3% |
| Blue-Collar* | 5,214 | 63.9% | 189,583 | 53.7% |

**Miscellaneous/NEC occupations excluded*

INDUSTRIES, EMPLOYMENT, AND WAGES

Data in this section are derived through two different Bureau of Labor Statistics programs which are conducted in Washington by the Employment Security Department. The first, called CES (Current Employment Statistics), generates monthly nonagricultural employment figures; the second, the Quarterly Employment and

Wages program (ES-202), includes data on both agricultural and nonagricultural employment covered under the state unemployment insurance program. All wage data and agricultural employment data in this section stem from the Employment and Wages program; other employment information comes from the CES program.

Employment Trend

Nonagricultural employment has been growing healthily over the last ten to fifteen years. The first of the two charts (*Figure 13*) shows employment numbers since 1970. Growth was strong throughout most of the 1970s, was essentially flat from 1979 to 1985, and has been quite robust since then. More specifically, employment averaged a 4.8 percent annual increase from 1970 to 1979; a 0.4 percent annual *decrease* from 1979 to 1985; and an annual increase of 5.0 percent from 1985 to 1996. The number of jobs went from 13,670 in 1970 to 34,730 in 1996, an overall increase of 154 percent.

During the same period, statewide nonfarm employment grew by a lesser 123 percent. The second chart (*Figure 14*) shows employment in the county and the state since 1970. It is indexed to 1970=100, and is a

depiction of the cumulative annual growth rate. Job growth has been greater, relatively, in Skagit County than in Washington as a whole, especially since 1988.

Looking ahead, Employment Security Department analysts are projecting overall nonfarm employment to increase by 12.8 percent between 1996 and 2001. This should be a gain of 4,570 jobs. The growth, which works out to an annualized average of 2.4 percent, is slightly less than the statewide growth, which is projected to increase 2.5 percent annually. Most of the county's growth is expected to be in the trade and services sectors: combined, they should account for over 3,000 of the new jobs.

Figure 13
Nonagricultural Wage & Salary Employment
Skagit County, 1970-1996
Source: Employment Security Department

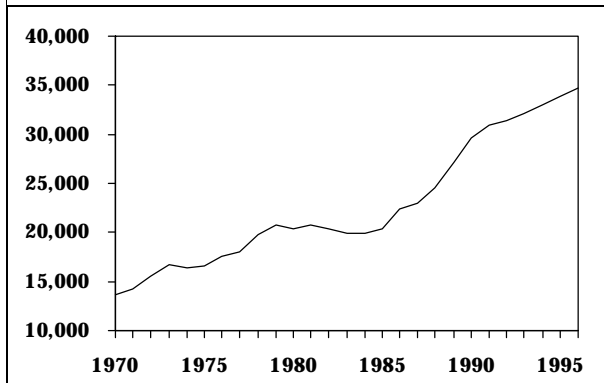
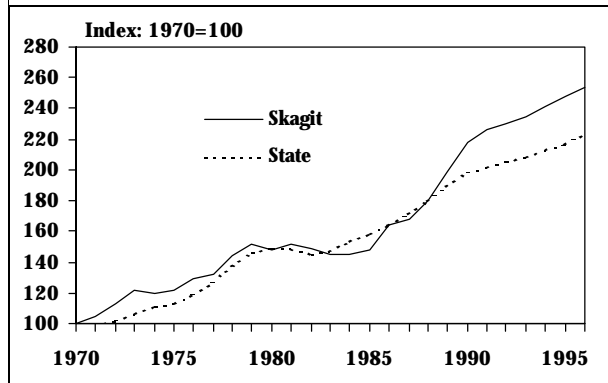


Figure 14
Nonagricultural Wage & Salary Employment
Skagit County, 1970-1996
Source: Employment Security Department



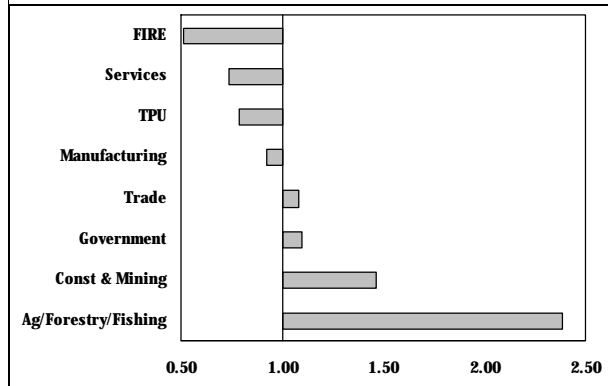
Location Quotient

When comparing Skagit County's shares of industry employment to Washington State's shares, it's apparent that county employment is distributed differently than state employment. The *location quotient* compares the share of total employment in a particular industry division in Skagit County with the share it represents in Washington State. (The data for this section are different from that used earlier in measuring employment. Agricultural employment is included here, but not included in the previous section's highlighting of nonagricultural employment by industry.)

The quotient is determined by dividing the share of state employment into the share of Skagit County employment of the same industry or sector. A quotient of 1.0 denotes an industry in which the county is typical to the state as a whole; a value above 1.0 shows an industry with a higher concentration of employment; and a value below 1.0 marks a county industry with a lesser concentration of employment than in the same industry statewide.

A quotient above 1.0 suggests that the good or service produced by an industry is exported from the area; a quotient below 1.0 is a sign that, hypothetically, goods or services must be imported into an area to provide the same consumption patterns found at the state level. The greater the value above or below 1.0, the stronger the suggestion of exporting or importing becomes. The major industry sectors shown in *Figure 15* indicates that agriculture is the strongest exporter in Skagit County. There are far more tulips grown in the county than the

Figure 15
Major Industry Location Quotients
Skagit County, 1995
Source: Employment Security Department



residents can buy. Construction's quotient is high, driven primarily by an unusually high level of heavy construction, mostly related to work on water, sewer, and utility lines. Housing construction is also at a higher level than it is statewide. The high demand for housing stems from the county's high level of in-migration and population growth. There is no significant difference between government, trade, and manufacturing at the county level and at the state level—all three are clustered closely around the 1.0 quotient level. The quotients for TPU, services, and FIRE are enough below 1.0 to suggest that importation of these services occurs at a moderate level.

Average Wage

Annual average covered wages are based on the total of wages and salaries from jobs covered by the unemployment insurance program, divided by the annual average number of employees. (Covered employment constitutes about 90 percent of the state's workers.) The annual average wages do not include any income other than wages and salaries (i.e., interest, dividends, rental incomes, fringe benefits, etc., are not included). Also, the average wage computation includes part-time workers; if they were excluded, the wage would undoubtedly be higher.

Real annual average wages (adjusted to 1995 dollars) in Skagit County decreased from \$25,649 in 1970 to

\$22,209 in 1995 (*see Figure 16 on the next page*). The significant aspect of the chart, though, is that it shows the long downward spiral, which lasted from 1977 to 1990, has bottomed out and the average wage is on the upswing. It has increased by about \$1,400 since 1990. Even so, the average has not come close to recapturing its previous high level (\$27,968 in 1976).

The average wage in Skagit County has historically been lower than the statewide average. The county does not have the level of high tech and aerospace industries that are prime drivers of the higher statewide average. The county's average has been as much as 95 percent of

the state's (1973) and as little as 79 percent (1992). In 1995, it stood at 81 percent of the statewide average.

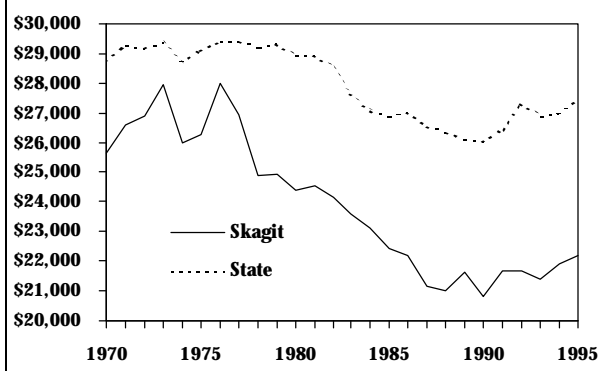
Annual average covered wages based on total wages and salaries for 1995 were used to compare earnings in comparable Skagit County and Washington State industries at the two-digit level of the Standard Industrial Classification (SIC) code (see *Figure 17 on the opposite page*). The estimates should be used for general comparisons only; suppressed industries and part-time workers can exaggerate wage disparities between comparable industries.

By major sector, the lowest average wage was in the trade sector (\$15,748) and the highest was in construction and mining (\$31,319). Manufacturing, TPU, and the government sectors all paid an average between \$27,000 and \$30,000.

Figure 16

**Annual Average Covered Wage
Skagit County, 1970-1995**

Source: Employment Security Department



Commuting

A fairly large portion of Skagit County residents commute to work outside the county. According to the 1990 Census, about 5,700. These commuters comprise about 17 percent of county residents who are employed. Most go to neighboring Snohomish County (2,245), but a sizable number go to either Whatcom (1,526), King (818), or Island (628) County. These workers, many

who commute to relatively high paying manufacturing and construction jobs, brought home about \$220 million in wages in 1990. These commuters also help explain the difference between labor force employment, which is based on place of residence, and the nonagricultural employment series, which is based on place of work.

Agriculture, Forestry, and Fishing

This sector is a significant one in Skagit County. It employed about 3,200 workers on average in 1995, about 9 percent of total covered employment in the county. The share of the work force employed in this sector is greater than any other county in western Washington, and the absolute numbers are greater than all western counties except King. *Figure 18 on page 16* shows the employment numbers from 1990 to 1995 and the annual payroll for each of those years. The great majority of the workers are involved in agriculture, a fairly small number in forestry, and there are a significant number of commercial fishermen.

Close to 2,300 workers in this sector are involved with crop production, and the primary crops are ornamental nursery products (which includes tulips and other bulbs) and vegetables (Skagit County produces corn, green peas, carrots, barley, and others). There is also a

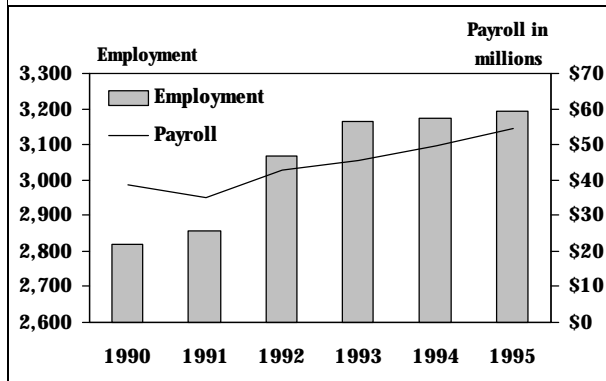
fairly large amount of employment in berry production—raspberries, blueberries, and strawberries. The agricultural sector also includes livestock, and Skagit County is home to a large number of cattle, both beef and dairy. About 400 workers are employed in this field. Agricultural services, which includes industries as diverse as veterinarian and lawn maintenance services, employs slightly more than 300 workers. Commercial fishing, while it employed only 155 workers in 1995, generated a payroll larger than either agricultural services or livestock production. Most are involved with finfish, a few with shellfish.

As mentioned above, employment in the sector averaged 3,200 in 1995. However, during the course of a year, that number varies considerably because of the seasonal nature of the work. As the chart (*Figure 19 on page 16*) shows, employment goes from a low of less than 2,000

Figure 17
Annual Average Covered Wages, 1995
Skagit County and Washington State
Source: Employment Security Department

| | Skagit | State | | Skagit | State |
|---|---------------|--------------|------------------------------------|---------------|--------------|
| <i>Total</i> | \$22,209 | \$27,448 | Wholesale Trade - Nondurable | \$23,580 | \$29,964 |
| <i>Agriculture, Forestry, & Fishing</i> | \$17,119 | \$14,527 | <i>Retail Trade</i> | \$14,251 | \$15,546 |
| Agricultural Production - Crops | \$14,885 | \$10,955 | Building Materials/Garden Supplies | \$19,401 | \$21,378 |
| Agricultural Production - Livestock | \$16,620 | \$17,430 | General Merchandise Stores | \$14,770 | \$17,611 |
| Agricultural Services | \$17,123 | \$15,667 | Food Stores | \$17,308 | \$17,633 |
| Fishing, Hunting, Trapping | \$52,331 | \$56,290 | Auto Dealers & Service Stations | \$22,854 | \$25,251 |
| <i>Construction & Mining</i> | \$31,319 | \$29,865 | Apparel & Accessory Stores | \$11,344 | \$17,505 |
| General Building Contractors | \$27,418 | \$28,340 | Furniture & Home Furnishings | \$14,575 | \$20,991 |
| Heavy Construction Contractors | \$39,109 | \$37,303 | Eating & Drinking Establishments | \$8,682 | \$9,677 |
| Special Trade Contractors | \$28,751 | \$28,153 | Miscellaneous Retail | \$14,537 | \$15,306 |
| <i>Manufacturing</i> | \$29,485 | \$37,447 | <i>FIRE</i> | \$22,719 | \$32,149 |
| Food & Kindred Products | \$19,737 | \$28,327 | Depository Institutions | \$23,938 | \$29,642 |
| Apparel & Other Textile Products | \$13,376 | \$17,254 | Insurance Carriers | \$27,114 | \$37,896 |
| Lumber & Wood Products | \$25,227 | \$31,681 | Insurance Agents, Brokers, Svcs | \$22,662 | \$34,585 |
| Furniture & Fixtures | \$17,525 | \$23,063 | Real Estate | \$13,661 | \$19,797 |
| Printing & Publishing | \$20,081 | \$27,963 | <i>Services</i> | \$18,285 | \$25,839 |
| Chemicals & Allied Products | \$44,918 | \$44,049 | Hotels & other Lodging Places | \$9,035 | \$13,595 |
| Petroleum Refining | \$55,948 | \$56,678 | Personal Services | \$11,778 | \$14,326 |
| Rubber & Misc. Plastic Products | \$19,000 | \$27,198 | Business Services | \$18,786 | \$34,653 |
| Stone, Clay, Glass, Concrete | \$28,264 | \$30,313 | Auto Repair, Services, & Garages | \$22,529 | \$21,052 |
| Fabricated Metal Products | \$27,888 | \$29,664 | Miscellaneous Repair Services | \$22,662 | \$24,773 |
| Machinery, except Electrical | \$27,629 | \$35,599 | Motion Pictures | \$8,106 | \$12,722 |
| Transportation Equipment | \$34,156 | \$49,642 | Amusement & Recreation Services | \$16,189 | \$16,145 |
| Instruments & Related Products | \$44,999 | \$44,274 | Health Services | \$22,957 | \$27,415 |
| Misc. Manufacturing Industries | \$18,160 | \$25,269 | Legal Services | \$25,467 | \$35,269 |
| <i>Transportation, & Public Utilities</i> | \$28,174 | \$34,876 | Educational Services | \$17,469 | \$22,993 |
| Trucking & Warehousing | \$24,743 | \$26,345 | Social Services | \$14,118 | \$14,227 |
| Water Transportation | \$30,108 | \$45,288 | Membership Organizations | \$16,138 | \$18,223 |
| Transportation Services | \$15,987 | \$35,461 | Engineering, Acctng, Resch, Mgmt | \$30,671 | \$39,792 |
| Communication | \$37,470 | \$46,051 | Private Households | \$7,895 | \$8,667 |
| Electric, Gas, & Sanitary Services | \$42,313 | \$43,399 | <i>Government</i> | \$27,361 | \$30,833 |
| <i>Trade</i> | \$15,748 | \$19,826 | Federal | \$32,475 | \$37,018 |
| <i>Wholesale Trade</i> | \$25,674 | \$33,094 | State | \$29,240 | \$31,298 |
| Wholesale Trade - Durable Goods | \$28,851 | \$35,698 | Local | \$26,491 | \$28,848 |

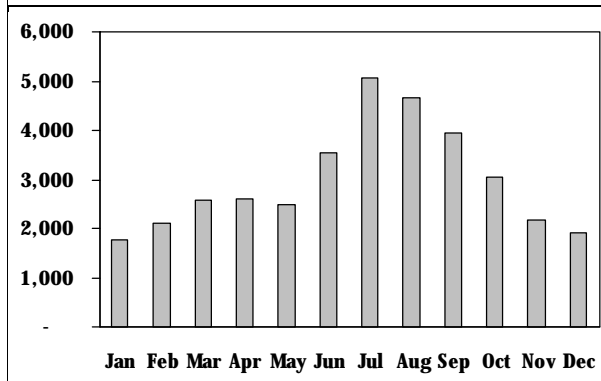
Figure 18
Agriculture, Forestry, & Fishing Employment
Skagit County, 1990-1995
Source: Employment Security Department



workers in December and January to a high of over 5,000 in July. This type of variation, while a necessary feature of agricultural work, has a strong effect on unemployment in the area.

Wages in the sector, compared to other sectors, are relatively low. Overall, agriculture, forestry, and fishing

Figure 19
Agriculture, Forestry, & Fishing Employment
Skagit County, 1995
Source: Employment Security Department



paid an annual average of \$17,119 in 1995. Those working in crop production averaged \$14,885; in livestock, \$16,620; and those in commercial fishing, a relatively high \$52,331. The wage in fishing has a strong influence on the sector's overall average: if fishing were excluded, the overall would be \$15,322.

Construction and Mining

These two sectors, construction and mining, are normally grouped together because mining normally has a very small employment level. This is true in Skagit County where there are only a handful of workers (fewer than 20) employed in the mines. Only construction will be discussed below.

Figure 20
Construction & Mining Employment
Skagit County, 1970-1996
Source: Employment Security Department

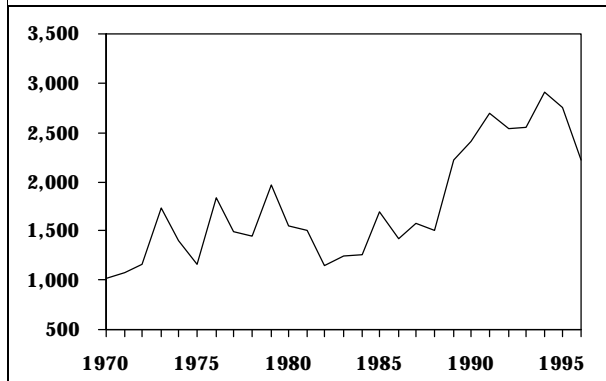
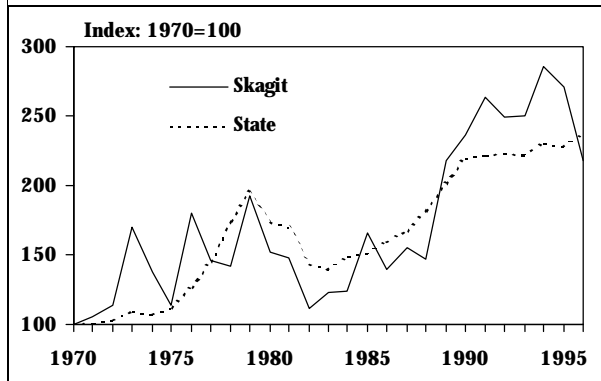


Figure 20 shows construction employment from 1970 to 1996 in Skagit County and Figure 21 shows the employment indexed to 1970=100 for the county and the state. Overall for the period, Skagit County's construction employment grew by 118 percent, slightly less than the statewide growth of 137 percent. The number of jobs in the county grew from 1,020 to 2,220. Even though the

Figure 21
Construction & Mining Employment
Skagit County & Washington, 1970-1996
Source: Employment Security Department



county's construction employment has declined in the last two years, it still retains a greater share of total nonfarm employment than does the same sector statewide: 6.4 percent versus 5.4 percent.

As *figures 20 and 21* show, employment changes in construction are neither moderate nor gradual: they tend to occur abruptly and in large increments. After seesawing up and down throughout the 1970s and most of the 1980s, employment increased strongly for several years, leveled out, and has dipped slightly in the past two years. The level, however, remains substantially above the average of the past 26 years.

Construction is sorted into three types of industries under the Standard Industrial Classification scheme: general building; heavy construction; and special trades. Of the three, special trades employs the most workers.

These include painters, plumbers, carpenters, electricians, etc. In 1995, there were about 1,300 workers in this category—they were paid an average wage of \$28,751. The general building category, the bulk of whose workers are involved with single-family residential construction, employed about 670 workers: their average wage was \$27,418. Heavy construction employed over 700 workers and they were paid \$39,109.

Compared to the 1991-96 declines, construction employment will rebound during the 1996 to 2001 period at a 1.6 percent annualized rate, adding a total of about 230 jobs. Even though the growth is slow compared to other sectors, it does outpace the statewide growth rate, which is projected to come in at a yearly rate of 1.4 percent for the same period.

Manufacturing

After declining during much of the 1970s and 1980s, primarily because of losses in the timber industry, manufacturing made a turnaround following its 1987 low point, thanks mainly to the seafood processing industry. Overall, Skagit County manufacturing increased its number of jobs by 36 percent from 1970 to 1996, but that includes two distinct periods: from 1974 to 1987, the sector lost 1,040 jobs; from 1987 to 1996 it gained 1,350 jobs. Although statewide manufacturing outgrew the county (44 to 36 percent) for the whole period, since 1987 the county's manufacturing jobs increased 39 percent, while Washington's grew by only 11 percent. The

changes in the sector's employment level are shown in *Figures 22 and 23*.

The size of the manufacturing sector, relatively, is about the same in the county as statewide (13.5 versus 14.3 percent). In both locales, though, the share size of manufacturing has declined significantly over time. In 1970, manufacturing accounted for 25 percent of all jobs in the county and 22 percent in the state.

A fortunate aspect of Skagit County's manufacturing is its diversity (*see Figure 24 on the next page*). The sector has a number of strong, but very different, industries. Diversity is important because, as in the situation cited above concerning timber and food processing, declines

Figure 22
Manufacturing Employment
Skagit County, 1970-1996
Source: Employment Security Department

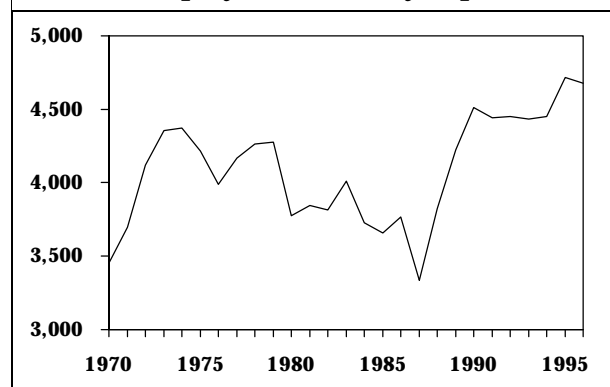


Figure 23
Manufacturing Employment
Skagit County & Washington, 1970-1996
Source: Employment Security Department

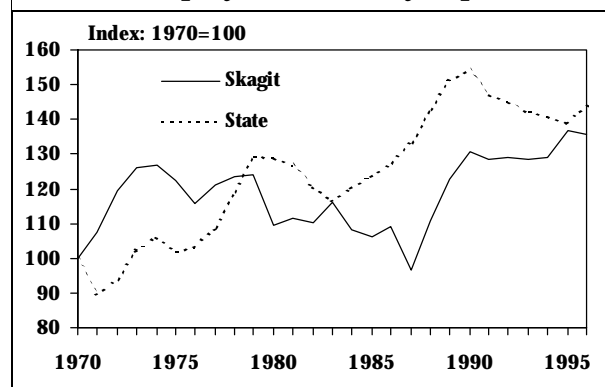
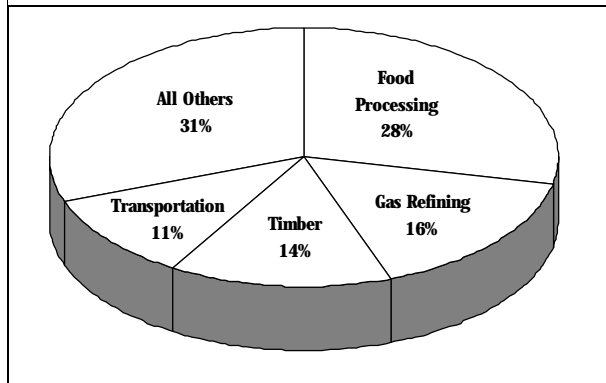


Figure 24
Major Manufacturing Industries
Skagit County, 1995
Source: Employment Security Department



in one industry may be offset by strengths in another. To have all employment in one basket, so to speak, invites dire consequences if that industry hits hard times.

The largest manufacturing industry in Skagit County is food processing. With about 28 percent of the sector's jobs, it employed over 1,300 workers in 1995. Growth in this industry has been strong: over the last ten years, employment has more than doubled. Most of these workers are involved in processing seafood in some manner; frozen, fresh, canned, or cured. The average wage in the food processing industry is relatively low by sector standards: \$19,737 in 1995 while the sector average was \$29,485 (the second highest in the county after construction).

Petroleum refining is also a major industry within Skagit County manufacturing. Not only does it employ a

large number of workers, it pays the highest average wage of any industry in the county. The refineries at Anacortes employ some 750 workers, and the number has been relatively stable for a number of years. The total payroll for the industry was \$42 million in 1995, a large amount to inject into the county's economy. It works out to an average wage of \$55,948.

Although the lumber and wood processing industry has declined significantly in recent years, it nevertheless remains a major industry in the manufacturing sector. With employment at about 660, it paid an average wage of over \$25,000. Most industry workers are loggers (around 41 percent), although a good number work in sawmills and plane mills (26 percent). Employment, after declining steadily from 1989 through 1993, had moderate gains in 1994 and 1995.

Transportation equipment is the fourth largest industry in the manufacturing sector. Employment is scattered among aircraft and automotive manufacturing and boat and ship building and repair. This is a relatively high-paying industry with the workers being paid an average of \$34,156 per year.

The next five years should see continued growth in manufacturing, although at a slower rate than has occurred over the last five years. Projections from Employment Security analysts show an annualized growth rate of 0.9 percent from 1996 to 2001, equating to a total of 230 new manufacturing jobs. This is less than statewide manufacturing growth, which is expected to increase at a 1.6 percent annualized rate.

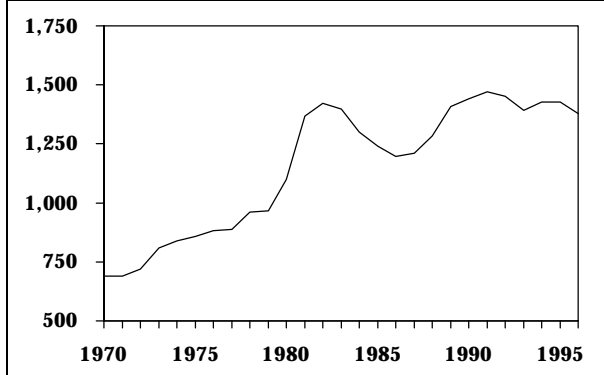
Transportation and Public Utilities (TPU)

This is a relatively small sector with only a 4 percent share of nonfarm employment in Skagit County. Industries include trucking and warehousing, communication services such as telephone, television, radio, etc., electric, gas, and sanitary services, and others. Even though it is smaller, proportionally, than the same sector statewide, its growth has been greater (*see Figures 25 and 26 on the opposite page*). While statewide TPU grew by 70 percent from 1970-96, Skagit County's sector grew by 100 percent, with the number of jobs growing from 690 to 1,380.

The greatest factor behind the sector's growth rate has been trucking. The county has larger agricultural and logging industries than does the state, and both these activities require extensive support from the trucking industry. Consequently, trucking employment within the TPU sector is disproportionately large, and has been steadily growing.

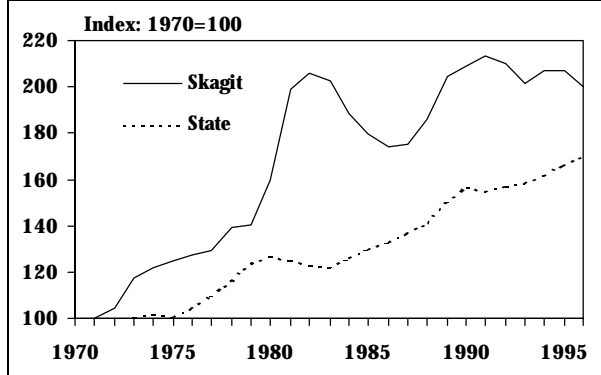
Trucking (and warehousing) account for about 750 workers, over half of the jobs in the sector. There are between 150 and 200 workers each in water transportation, communications services, and electric, gas, and

Figure 25
Transportation & Public Utilities Employment
Skagit County, 1970-1996
Source: Employment Security Department



sanitary services. The sector's average wage was \$28,174 in 1995. The highest wage was paid in electric, gas, and sanitary services (\$42,313), communications

Figure 26
Transportation & Public Utilities Employment
Skagit County & Washington, 1970-1996
Source: Employment Security Department



services paid \$37,470, water transportation averaged \$30,108, and trucking and warehousing was the lowest at \$24,743.

Trade

Trade is, by far, the largest employing sector in Skagit County. Almost one out of every three nonfarm workers is involved in trade and the share is continuing to grow, increasing from 22 percent in 1970 to 30 percent in 1996. Although growth in trade has always been strong (see Figures 27 and 28), it has surpassed statewide growth to a large degree since the late-1980s with the construction of new shopping centers, including malls and factory outlets. The trade sector has situated its malls, shopping centers, factory outlet stores, and restaurants along the I-5 corridor, taking advantage of its

high level of traffic. The shopping areas also beckon to Canadian visitors.

Trade employment has jumped from 3,060 to 10,310 in the last quarter-century. That equates to a 237 percent increase which, on an annualized basis, is 4.8 percent growth per year. The statewide trade sector grew 145 percent over the same period. While this tremendous growth is beneficial in that it provides a large number of jobs, the drawback is that wages are quite low compared to other sectors in the county. The average for trade employees was \$15,748 in 1995, the lowest of all sectors.

Figure 27
Trade Employment
Skagit County, 1970-1996
Source: Employment Security Department

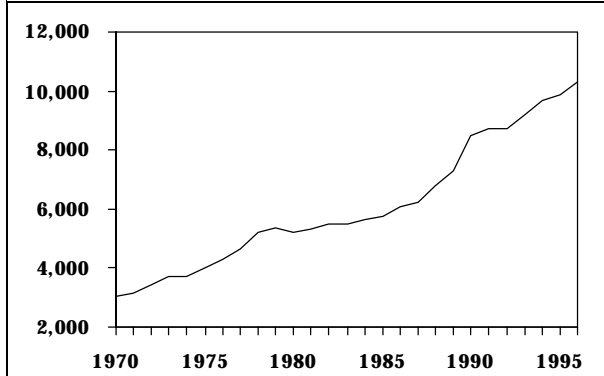
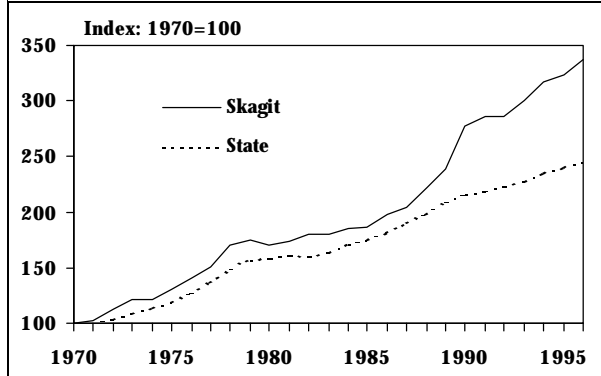


Figure 28
Trade Employment
Skagit County & Washington, 1970-1996
Source: Employment Security Department



The average wage, though, is somewhat misleading in that it does not necessarily reflect the annual wage of a full-time worker. A part-time job counts the same as a full-time job when the average employment is divided into total paid wages to determine the average wage. And the trade sector is replete with part-time employment. Also contributing to the low average are the many entry-level jobs found in the trade sector.

The vast majority of the trade employment is in the retail sector. Some 87 percent of the jobs are retail and 13 percent wholesale. This is also a factor in the sector's low average wage. Retail is usually not as well paid as wholesale and the number of wholesale jobs is low by statewide standards (almost one-fourth of the state's trade sector is wholesale). Wholesale paid an average wage of \$26,674 in Skagit County and employed 1,265

covered workers. Retail paid an average of \$14,251 and employed almost 8,400 workers.

Within the retail sector, the largest industry is eating and drinking places, which employed over 2,900 workers in 1995. With very large amounts of part-time work, the average wage only came to \$8,682. Food stores and auto dealers/service stations each employed over 1,000 workers. General merchandise stores had about 900 workers.

Employment growth in trade is expected to drop off some in the future. Projections for the 1996-2001 period show the increase to be 2.5 percent each of those years, compared to annual growth of 3.2 percent for the 1991-96 period. Even so, that growth rate works out to a total of over 1,300 new jobs.

Finance, Insurance, and Real Estate (FIRE)

Finance, insurance, and real estate is the smallest of the nonfarm industry sectors, with less than 3 percent of total employment. In 1996, it employed 1,020 workers, up a few from 1995 but less than its peak year of 1994 when it employed 1,050. Growth in the sector has been good for most of the last twenty-five years, excepting the first half of the 1980s decade when the "double-dip" national recessions stopped growth (*see Figures 29 and 30*). Employment gains were especially strong during the second half of the 1980s when large trade expansions took place. Real estate and banking were strongly affected by that surge.

In 1995, the finance industry, including banks, savings and loans, credit unions, etc., was the largest industry in the sector, employing over 400 workers. Real estate and insurance each employed over 200 workers. The overall average wage was \$22,719 with the insurance industry paying the highest average (\$25,412) and real estate the lowest (\$13,661).

The sector growth is projected to be relatively slow over the 1996-2001 period, coming in at about 1.3 percent each year. This totals 70 new jobs over the five years.

Figure 29
Finance, Insurance, Real Estate Employment
Skagit County, 1970-1996
Source: Employment Security Department

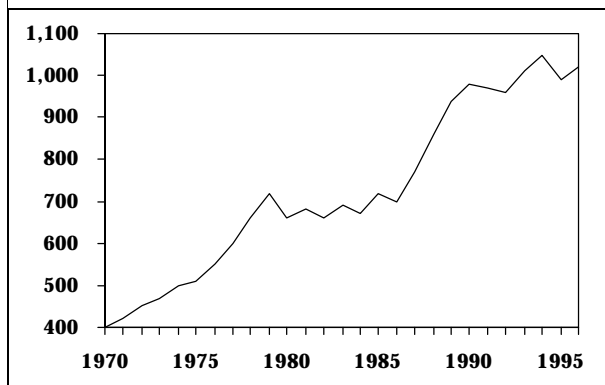
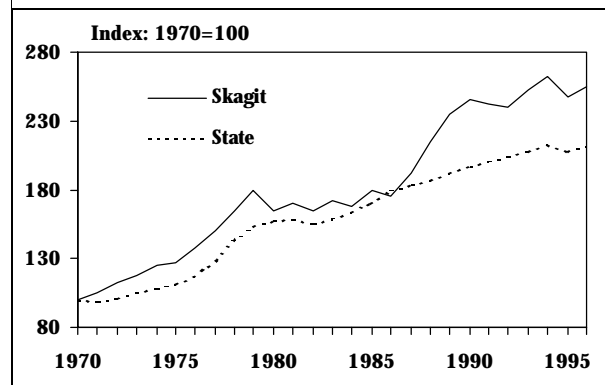


Figure 30
Finance, Insurance, Real Estate Employment
Skagit County & Washington, 1970-1996
Source: Employment Security Department



Services

The services sector encompasses many diverse types of industries ranging from hotels and lodging places to health care. It has grown, in terms of employment, at a very rapid pace over the last quarter-century, the fastest growing of all sectors (in 1996, it overtook government to make it the second largest sector in the county after trade). The number of jobs increased from 1,460 in 1970 to 7,730 in 1996, an amazingly strong 429 percent increase which eclipsed the strong statewide growth of 283 percent. *Figures 31 and 32* show the changes in employment since 1970. The growth is part of a trend occurring throughout the state (and the nation): in 1970 services comprised only 11 percent of Skagit's nonfarm employment total; in 1996 the share was 22 percent. Throughout Washington, the share size went from 16 to 27 percent. Nationwide, the proportion went from 16 to 29 percent.

No single industry has been the dominant influence upon this growth; rather, most services industries have contributed to the expansion. The largest industry is health care, which includes employment in hospitals, the offices of physicians and dentists, nursing homes, etc. There were over 2,000 covered employees in this industry in 1995. Social services is the next largest, with more

than 1,000 workers. Amusement and recreation services, membership organizations, hotels and motels, and business services all had employment between 400 and 1,000. And all of these industries had employment increases of more than 100 percent over the last ten years.

Unfortunately, like in the trade sector, average wages are relatively low. The sector average was \$18,285 in 1995, driven down by substantial amounts of part-time employment in some of the industries with large employment numbers. Hotels and lodging places averaged a little over \$9,000 per year; amusement and recreation services averaged \$16,189; and social services came in at \$14,118. Health care had a moderate \$22,957. Engineering and accounting services had the highest average in the sector at \$30,671 (distributed among 267 workers).

Employment growth in services will continue in the future but not at quite the blistering pace it has historically enjoyed. From 1970 to 1996, the annualized growth rate was 6.6 percent and from 1991 to 1996, a lesser 4.3 percent. Projections are that growth from 1996 to 2001 should average 4.2 percent each year. Over the five-year period, this will total 1,720 new jobs, giving services a 23 percent share of nonfarm jobs in 2001.

Figure 31
Services Employment
Skagit County, 1970-1996
Source: Employment Security Department

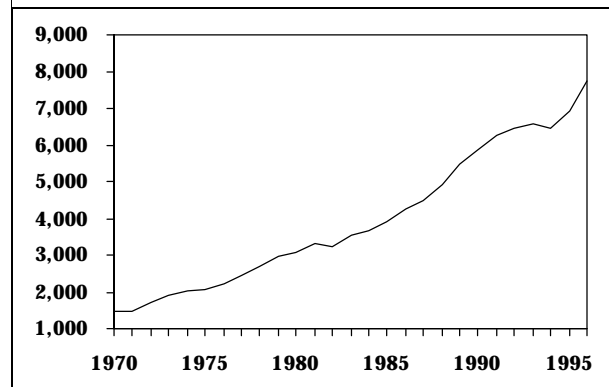
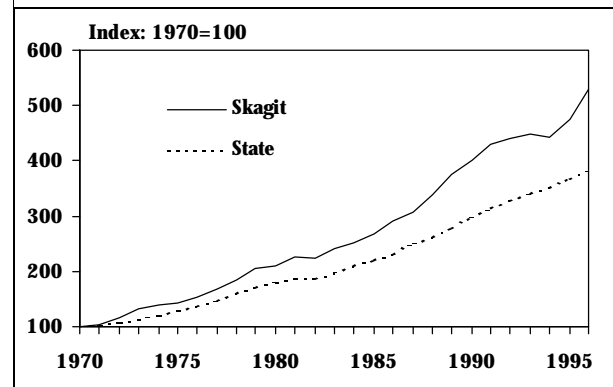


Figure 32
Services Employment
Skagit County & Washington, 1970-1996
Source: Employment Security Department



Government

The public sector has a strong, stabilizing impact on Skagit County's employment picture. It employs more than one out of every five workers, and its growth, especially since the recessions of the early-1980s, has been steady. In 1996 there were 7,390 government workers, up from 3,590 in 1970, an increase of 109 percent. During that quarter-century, government employment statewide grew by only 84 percent. *Figures 33 and 34* depicted employment changes since 1970.

Local government is by far the largest level. It contains over three-fourths of public employment while state government has a 17 percent share and federal government has about 7 percent. The bulk of local government is given over to the K-12 public education system, which employs about 2,400 workers, including faculty and staff. The county's two public hospitals are also large employers with some 1,400 workers. The remainder primarily performs local government's executive functions of service provision. Local government wages averaged \$26,491 in 1995. Education paid an average of \$24,284, while the hospitals averaged

\$30,538. Those performing the county's executive functions averaged \$26,940.

The largest employer in state government is the Skagit County Community College. It employed 424 faculty and staff in 1995 and paid an average annual wage of \$20,296. Other state level employers were the ferry system, land and wildlife conservation programs, and various social programs. Overall, the average wage for state government was \$29,240.

The federal government's strongest presence is the postal service, with 192 employees. Conservation efforts, including the U.S. Forest Service, also employ a relatively large number of workers. The federal government average wage was \$32,475 in 1995.

Government employment growth is projected to be fairly strong over the next five years, growing at an annual clip of 2.2 percent. Only the trade and services sector are expected to grow more rapidly. This should result in a total of 870 new jobs between 1996 and 2001.

Figure 33
Government Employment
Skagit County, 1970-1996
Source: Employment Security Department

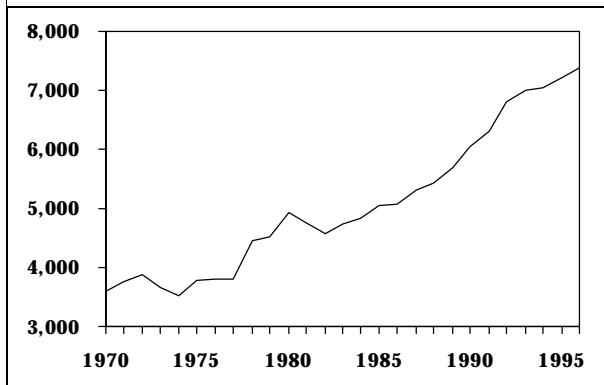
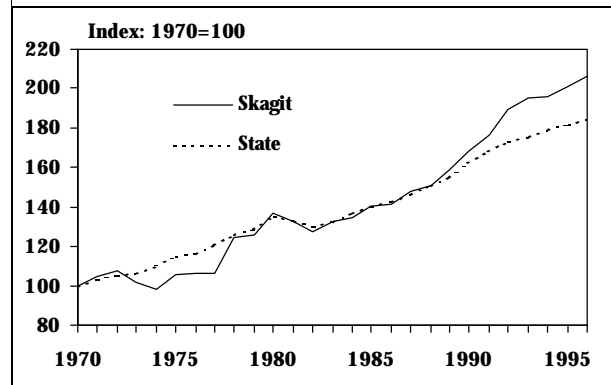


Figure 34
Government Employment
Skagit County & Washington, 1970-1996
Source: Employment Security Department



OCCUPATIONAL PROFILE

An informative way to look at the county's employment mix is by occupational rather than industrial divisions. An Occupational Employment Statistics (OES) survey provides 1995 estimates and 2005 projections by major occupational group for the area incorporating Island, San Juan, and Skagit counties. Overall, the three-county area is projected to gain 12,545 jobs, an 18.7 percent gain.

Figure 35 shows the number of jobs by occupational grouping in the three county region for 1995 and projected for 2005. The figure also includes the percentage share of each occupational grouping in 1995 and 2005 for both the three-county area and the state of Washington. The counties exhibit a tendency for blue-collar work. The 1995 share for blue collar, 32.0 percent, outpaced the state blue-collar share, 28.1 percent, and is expected to grow to 32.3 percent in 2005, while the state share falls to 26.2 percent.

Over 700 blue-collar jobs will be gained in agriculture, fishery and forestry jobs allowing the group to hold its 6.0 percent share of local jobs, while declining from 4.3 to 3.7 percent of state occupations. Likewise, a gain of 1,426 operators, fabricators, and laborers will result in the group maintaining an 11.6 percent share of regional jobs despite declines in the state share (12.2 percent to 11.5 percent). The precision production, craft, and repair occupations are expected to grow from 9,633 to 11,779, or from 14.3 to

14.8 percent of area jobs. In the state as a whole, their share will fall from 11.6 to 10.9 percent.

For the three-county area, professional, paraprofessional, and technical fields will lead white-collar gains in percentage terms (22.1 percent) and in number (2,616). Services occupations (2,271) and marketing and sales (1,511) are also strong contributors. While these occupations will gain in share size, the share of managerial and administrative will hold steady at 7.5 percent. Statewide, the gains in white-collar share size will also be led by professional and service occupations with additional strength in services. The big drop in share size will fall on the clerical and administrative support occupations which are under constant threat from the next wave of automation. In the three-county region, these occupations will see a gain of just 10.0 percent (9,145 to 10,059 jobs) compared to the overall 18.7 percent gain in jobs. Statewide, these support occupations will see their share fall from 16.0 to 15.2 percent.

Figure 36 on the next page lists occupations in Skagit, San Juan, and Island counties, along with their minimum, maximum, and mean wages, either per hour or per month. The information can provide a useful tool for comparing wages from different types of occupations.

Figure 35
Occupational Employment and Projections
Skagit, San Juan, & Island Counties & Washington State, 1995 and 2005
Source: Employment Security Department

| | Skagit, San Juan, & Island Counties | | | | | | Washington | |
|------------------------------|-------------------------------------|-------|--------|-------|-------|--------|------------|------|
| | 1995 | | 2005 | | % Chg | Jobs | 1995 | 2005 |
| | Jobs | Share | Jobs | Share | | | | |
| Total | 67,216 | 100% | 79,761 | 100% | 18.7% | 12,545 | 100% | 100% |
| Managerial & Administrative | 5,019 | 7% | 5,968 | 7% | 18.9% | 949 | 7% | 7% |
| Professional, Paraprof., & T | 11,852 | 18% | 14,468 | 18% | 22.1% | 2,616 | 22% | 23% |
| Marketing & Sales | 7,944 | 12% | 9,455 | 12% | 19.0% | 1,511 | 11% | 11% |
| Clerical & Admin. Support | 9,145 | 14% | 10,059 | 13% | 10.0% | 914 | 16% | 15% |
| Services | 11,776 | 18% | 14,047 | 18% | 19.3% | 2,271 | 16% | 17% |
| Ag., Forestry, Fishing & Rel | 4,040 | 6% | 4,752 | 6% | 17.6% | 712 | 4% | 4% |
| Prec. Production, Craft, & R | 9,633 | 14% | 11,779 | 15% | 22.3% | 2,146 | 12% | 11% |
| Operators, Fabricators, & La | 7,807 | 12% | 9,233 | 12% | 18.3% | 1,426 | 12% | 12% |
| White-Collar | 45,736 | 68% | 53,997 | 68% | 18.1% | 8,261 | 72% | 74% |
| Blue-Collar | 21,480 | 32% | 25,764 | 32% | 19.9% | 4,284 | 28% | 26% |

Data not available for separate counties.

Figure 36
Occupational Wages, Skagit County, 1996
(* M/H Denotes Monthly/Hourly Pay Rate)
Source: Employment Security Department

| TITLE | * | MEAN | MIN | MAX | | | | | |
|-------------------------------------|---|------------|------------|------------|--------------------------------------|---|------------|------------|------------|
| Accounting Clerk I | M | \$1,550.00 | \$956.00 | \$2,240.00 | Machine Operator, Metal Fabrication | H | \$11.26 | \$9.75 | \$17.19 |
| Accounting Clerk II | M | \$1,841.00 | \$999.00 | \$2,772.00 | Machinist | H | \$15.71 | \$12.85 | \$16.50 |
| Accounting Clerk III | M | \$2,129.00 | \$1,695.00 | \$3,759.00 | Maid, Hotel/Motel | H | \$6.84 | \$5.00 | \$8.75 |
| Administrative Clerk | M | \$2,032.00 | \$1,043.00 | \$3,200.00 | Maintenance Mechanic | H | \$15.94 | \$8.00 | \$21.15 |
| Bookkeeper, Full Charge | M | \$2,122.00 | \$1,390.00 | \$3,598.00 | Maintenance Repairer, General Util | H | \$17.44 | \$5.50 | \$18.89 |
| Data Entry Operator I | M | \$1,399.00 | \$999.00 | \$1,802.00 | Mechanic, Motor Vehicle | H | \$15.31 | \$8.94 | \$19.00 |
| File Clerk | M | \$1,674.00 | \$1,076.00 | \$1,973.00 | Nurse, Licensed Practical (LPN) | H | \$12.07 | \$10.56 | \$13.00 |
| General Office Clerk III | M | \$1,967.00 | \$1,608.00 | \$3,337.00 | Plumber/Pipefitter | H | \$18.48 | \$14.00 | \$19.10 |
| General Office Worker, 1 Person Off | M | \$1,554.00 | \$1,130.00 | \$2,350.00 | Sales Clerk | H | \$7.96 | \$5.25 | \$10.25 |
| Medical/Dental Records Clerk | M | \$1,470.00 | \$1,291.00 | \$2,425.00 | Salesperson, Auto Parts | H | \$13.12 | \$10.00 | \$17.26 |
| Messenger/Mail Clerk | M | \$1,236.00 | \$980.00 | \$1,477.00 | Salesperson, Specialty | H | \$12.79 | \$5.25 | \$18.99 |
| Order Clerk | M | \$1,625.00 | \$1,434.00 | \$1,738.00 | Shipper/Receiver | H | \$8.63 | \$4.90 | \$17.00 |
| Payroll Clerk | M | \$2,173.00 | \$1,304.00 | \$3,101.00 | Stock Clerk | H | \$10.93 | \$5.96 | \$12.95 |
| Personnel Clerk | M | \$2,073.00 | \$1,375.00 | \$3,101.00 | Teacher Aide | H | \$8.90 | \$6.25 | \$12.50 |
| Purchasing Clerk | M | \$2,018.00 | \$1,550.00 | \$2,626.00 | Truckdriver, Heavy/Tractor Trailer | H | \$14.40 | \$8.00 | \$17.00 |
| Receptionist | M | \$1,488.00 | \$1,043.00 | \$2,153.00 | Truckdriver, Light | H | \$10.71 | \$5.50 | \$13.60 |
| Secretary I | M | \$1,646.00 | \$1,043.00 | \$2,155.00 | Waiter/Waitress (Without Tips) | H | \$5.20 | \$4.90 | \$7.00 |
| Secretary II | M | \$2,145.00 | \$1,615.00 | \$2,777.00 | Warehouse Worker | H | \$12.21 | \$7.70 | \$15.20 |
| Secretary III | M | \$2,480.00 | \$2,169.00 | \$3,337.00 | Welder | H | \$15.56 | \$10.00 | \$20.06 |
| Secretary, Executive | M | \$2,593.00 | \$1,721.00 | \$5,216.00 | Work Distributor, Apparel | H | \$10.08 | \$8.00 | \$12.95 |
| Switchboard Operator | M | \$2,275.00 | \$1,199.00 | \$2,623.00 | Painter, Construction & Maintenance | H | \$13.31 | \$9.75 | \$18.14 |
| Switchboard Operator/Receptionist | M | \$1,222.00 | \$1,116.00 | \$1,429.00 | Electrician, Construction & Maint | H | \$22.75 | \$12.43 | \$23.95 |
| Word Processing Operator II | M | \$1,623.00 | \$1,276.00 | \$2,617.00 | Butcher/Meat Cutter Incl Apprentices | H | \$11.44 | \$5.50 | \$16.30 |
| Data Entry Operator II, III | M | \$2,179.00 | \$1,130.00 | \$3,240.00 | Assembler, Electronics & Mechanics | H | \$6.37 | \$5.00 | \$14.70 |
| General Office Clerk I, II | M | \$1,545.00 | \$1,043.00 | \$2,186.00 | Accountant | M | \$3,142.00 | \$2,086.00 | \$6,778.00 |
| Bartender | H | \$6.19 | \$5.50 | \$9.50 | Auditor | M | \$3,010.00 | \$2,251.00 | \$4,764.00 |
| Carpenter, Construction | H | \$16.26 | \$10.50 | \$20.06 | Administrative Assistant | M | \$1,663.00 | \$1,086.00 | \$4,345.00 |
| Carpenter, Maintenance | H | \$19.19 | \$12.43 | \$21.15 | Buyer/Purchasing Agent | M | \$2,635.00 | \$1,401.00 | \$4,345.00 |
| Cashier | H | \$6.18 | \$4.90 | \$11.99 | Chef | M | \$1,983.00 | \$1,484.00 | \$3,259.00 |
| Clean Up Worker | H | \$6.59 | \$4.90 | \$13.00 | Drafter, Designer | M | \$2,383.00 | \$2,225.00 | \$3,125.00 |
| Computer Operator | H | \$12.73 | \$7.00 | \$17.50 | Estimator | M | \$3,177.00 | \$2,237.00 | \$4,587.00 |
| Cook, Dinner | H | \$7.74 | \$5.75 | \$13.95 | Supervisor, Food Service | M | \$2,574.00 | \$1,684.00 | \$3,933.00 |
| Cook, Short Order | H | \$7.67 | \$5.00 | \$10.40 | Supervisor, Maintenance | M | \$3,488.00 | \$1,912.00 | \$4,891.00 |
| Customer Service Clerk | H | \$9.75 | \$6.00 | \$17.44 | Manager, Branch/Local Firm | M | \$2,995.00 | \$1,924.00 | \$5,960.00 |
| Dairy Farm Worker | H | \$7.39 | \$5.00 | \$10.00 | Manager, Hotel/Motel | M | \$2,178.00 | \$1,828.00 | \$3,000.00 |
| Day Care Worker | H | \$6.58 | \$6.00 | \$7.74 | Manager, Office (Administrative) | M | \$2,181.00 | \$1,152.00 | \$4,159.00 |
| Deli Worker/Pantry Goods Maker | H | \$6.82 | \$4.90 | \$11.00 | Manager, Plant (Manufacturing) | M | \$3,846.00 | \$2,673.00 | \$5,089.00 |
| Delivery Driver/Route Worker | H | \$9.37 | \$5.75 | \$17.26 | Manager, Restaurant | M | \$1,920.00 | \$1,500.00 | \$2,550.00 |
| Desk Clerk, Hotel/Motel | H | \$7.35 | \$6.00 | \$10.00 | Manager, Retail Store | M | \$2,770.00 | \$1,217.00 | \$6,450.00 |
| Dining Room Attendant | H | \$4.97 | \$4.90 | \$5.75 | Manager, Service Auto | M | \$2,624.00 | \$1,912.00 | \$3,200.00 |
| Dispatcher, Motor Transportation | H | \$13.95 | \$9.20 | \$16.40 | Medical Technician | M | \$1,915.00 | \$1,521.00 | \$3,219.00 |
| Fast Food Worker | H | \$5.75 | \$5.00 | \$11.04 | Medical Technologist | M | \$2,682.00 | \$1,955.00 | \$3,095.00 |
| Food Service Worker | H | \$9.04 | \$7.24 | \$10.63 | Nurse, Registered (RN) | M | \$3,302.00 | \$2,237.00 | \$3,580.00 |
| Forklift Operator | H | \$12.57 | \$9.00 | \$14.00 | Programmer/Analyst | M | \$2,941.00 | \$2,640.00 | \$3,342.00 |
| Gardener/Groundskeeper | H | \$10.14 | \$5.50 | \$15.97 | Sales Representative (With Comm) | M | \$2,800.00 | \$999.00 | \$3,530.00 |
| Grocery Checker | H | \$9.80 | \$7.25 | \$13.65 | Supervisor, Clerical | M | \$2,018.00 | \$1,875.00 | \$3,999.00 |
| Guard/Gatekeeper, Unarmed | H | \$10.22 | \$7.63 | \$12.34 | Supervisor, Other First Line | M | \$2,920.00 | \$1,564.00 | \$5,214.00 |
| Heating & Air Conditioner Mechanic | H | \$10.33 | \$8.00 | \$15.00 | Systems Analyst | M | \$3,372.00 | \$2,854.00 | \$4,415.00 |
| Heavy Equipment Operator | H | \$14.79 | \$11.00 | \$16.00 | Therapist, Physical | M | \$3,514.00 | \$2,824.00 | \$3,824.00 |
| Host/Hostess, Restaurant | H | \$6.60 | \$4.90 | \$11.51 | Veterinarian Assistant | M | \$1,446.00 | \$1,130.00 | \$1,999.00 |
| Inspector, Quality Control | H | \$11.42 | \$10.00 | \$13.59 | Supervisor, Warehouse | M | \$2,739.00 | \$1,390.00 | \$3,737.00 |
| Janitor, Porter, Cleaner | H | \$10.01 | \$5.75 | \$13.87 | Social Worker, Medical & Non-Med | M | \$2,977.00 | \$1,656.00 | \$3,288.00 |
| Kitchen Helper | H | \$5.66 | \$4.90 | \$9.18 | Engineering Technician I, II, III | M | \$3,177.00 | \$2,160.00 | \$4,123.00 |
| Laborer, Construction | H | \$11.66 | \$6.50 | \$15.00 | Engineer, All Types | M | \$4,368.00 | \$2,713.00 | \$6,952.00 |
| Laborer, Material Handling | H | \$7.42 | \$5.50 | \$14.75 | Electronics Technician I, II, III | M | \$3,123.00 | \$1,750.00 | \$3,874.00 |
| Laundry Worker | H | \$6.67 | \$5.50 | \$10.00 | Drafter I, II, III | M | \$2,251.00 | \$1,304.00 | \$3,433.00 |
| | | | | | Computer Programmer+K19 | M | \$2,979.00 | \$1,564.00 | \$4,168.00 |

PERSONAL INCOME

This section deals with income rather than wages, which were discussed earlier and which are only one aspect of income. Data in this section are derived from

the U.S. Department of Commerce, Bureau of Economic Analysis. All income data have been adjusted to 1994 dollars.

Total Personal Income

Personal income is generally seen as a key indicator of a region's economic vitality. Conceptually, personal income captures all types of income. Wages, salaries, government transfer payments, retirement income, farm income, self-employed income, proprietors' income, interest, dividends, and rent are all included in this measure. Because business and corporate incomes are not included, it is considered personal income.

In 1994, total personal income in Skagit County was \$1.9 billion, up significantly from \$724 million in 1970 (see *Figure 37*). This growth outpaced that of Washington overall (see *Figure 38*), especially since 1988. While this looks very good for the county, Skagit's population growth deflates the escalation.

The total amount of income in an area is only a sensible concept if there is some relationship to the number of people in that area. Per capita personal income captures that. By dividing total personal income by the population, one arrives at a figure that can be used as a common denominator between different time periods or different areas. *Figure 39* on the next page shows

per capita income for Skagit County and the state since 1970 (in constant 1994 dollars).

Generally, the county has followed the trend of the state, though at a lower level. In 1994, the per capita income in the county was \$20,177; in the state, \$22,526. Since 1977, per capita income in the county has lagged that of the state. So, although growth of total personal income has outstripped statewide growth, so has the population: the result is a per capita income somewhat lower than the statewide average. Of Washington's thirty-nine counties, Skagit County's per capita income ranked eighth in 1994.

It should be noted that the statewide per capita income figures are heavily influenced by King County and its concentration of wealth and population. The statewide per capita figure (\$22,526) is exceeded only by two counties, King and San Juan, with King at the top (\$29,295).

Per capita personal income is a good measure of how personal income is growing relative to the population. However, it gives no indication of how income is distributed among the population. To a degree, median house-

Figure 37
Personal Income
Skagit County, 1970-1994
Source: Bureau of Economic Analysis

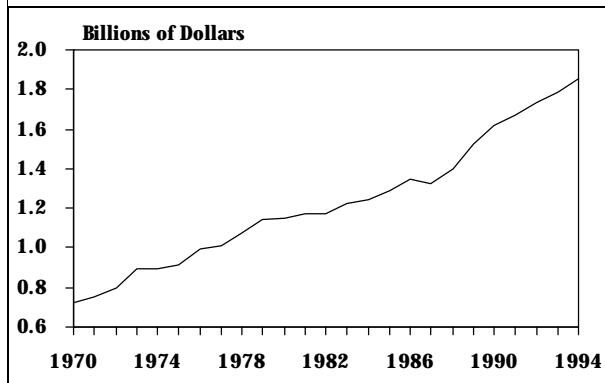


Figure 38
Personal Income
Skagit County & Washington State, 1970-1994
Source: Bureau of Economic Analysis

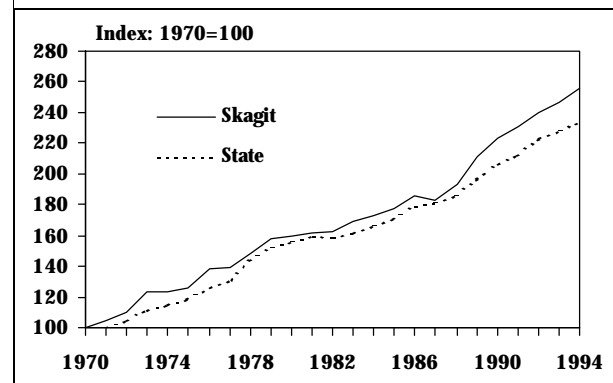
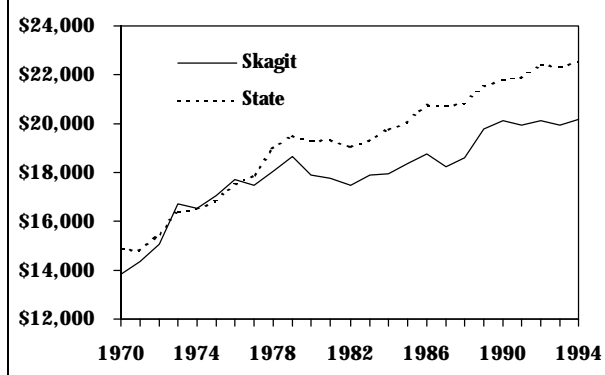


Figure 39
Per Capita Income
Skagit County & Washington State, 1970-1994
Source: Bureau of Economic Analysis

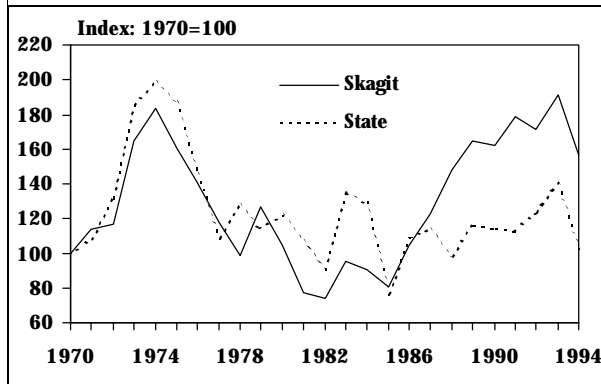


hold income does that. It indicates the point in income where half of all households have a higher income and half have a lower income. By this measure, Skagit County is doing well. The Office of Financial Management has made estimates through 1996 of median income. For 1996, Skagit County's was \$36,395, ranking the county eleventh in the state. The statewide average was estimated at \$40,608.

Farm Income

The Bureau of Economic Analysis, in one of its data series, separates personal income into two categories; farm and nonfarm income. This is an important measure for an area like Skagit County which has a significant amount of farming. In 1994, farm income totaled \$64 million in the county. This equates to 3.5 percent of all personal income, significantly more than the statewide figure of 1.1 percent. *Figure 40* indexes farm income to 1970=100 and compares the county with the state over time. The changes in farm income can be quite volatile as the chart shows. Nevertheless, the county seems to have emerged from the doldrums of the mid-1970s through the mid-1980s and had strong gains from 1985 through 1993.

Figure 40
Farm Income
Skagit County & Washington State, 1970-1994
Source: Bureau of Economic Analysis



Components of Personal Income

As mentioned earlier, personal income encompasses many different types of income. All the various types, however, can be subsumed under the three broad categories of earnings, transfer payments, and investment income. Earnings include wages, salaries, and proprietors' income; transfer payments include income maintenance, unemployment insurance, and retirement payments; investment income consists of interest, dividends, and rent.

Earned income has the lion's share of total income: its \$1.2 billion equates to 61 percent of the total. Investment income, at \$360 million, captures 19 percent of the total and transfer payments, with \$372 million, constitute 20 percent. These share sizes are significant. When compared to 1970, they show that the sources of income are shifting away from earnings and toward investments and transfer payments. In 1970, earned income accounted for 72 percent of personal income

and investments and transfer payments were accordingly lower. *Figure 41* shows the three components since 1970

indexed to 1970=100. *Figure 42* shows these components of personal income for 1994 in Skagit County.

Figure 41
Changes in Personal Income Components
Skagit County, 1970-1994
Source: Bureau of Economic Analysis

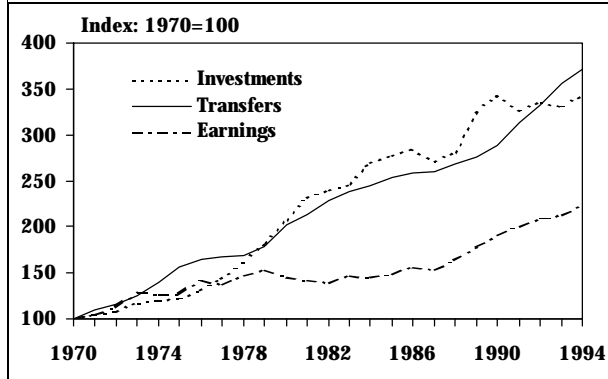
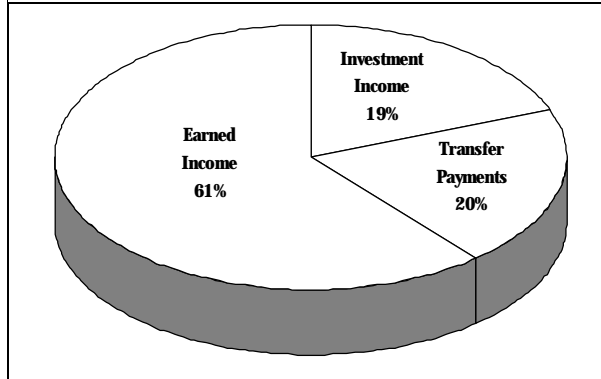


Figure 42
Components of Personal Income
Skagit County, 1994
Source: Bureau of Economic Analysis



Earned Income

Not only are earnings decreasing in share size, within earnings, the share size of wages and salaries is decreasing in favor of “other labor” income and proprietors’ income. Other labor income subsumes a number of different income types, but primarily consists of employer contributions to pensions and health care plans. *Figure 43* shows the growth rate since 1970 of the three types of earnings and *Figure 44* shows their share 1994 sizes.

Clearly, wages and salaries make up the largest part of earnings, but the growth has been moderate compared to the others. Over the period shown, wages and salaries grew 122 percent, proprietors’ income grew 92 percent, and other labor income ballooned by 344 percent. Other labor income is a popular form of compensation with employers (and employees) because of its tax advantage that is not realized with direct compensation. Proprietors’ income, after the severe “double-dip” recessions of the early-1980s, has grown strongly.

Figure 43
Changes in Earned Income Components
Skagit County 1970-1994
Source: Bureau of Economic Analysis

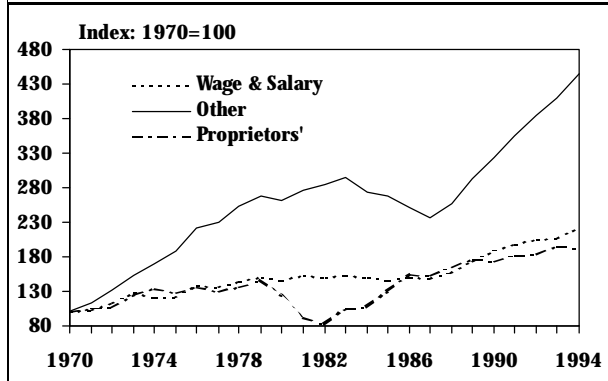
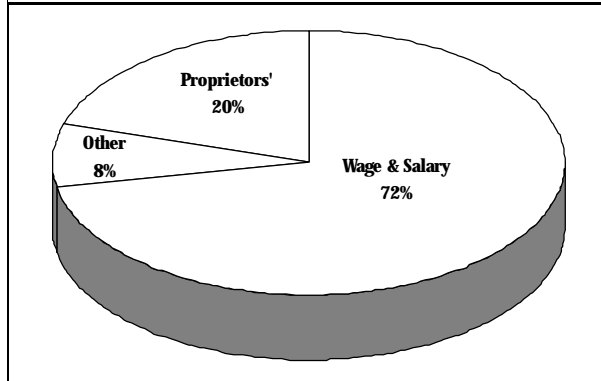


Figure 44
Components of Earned Income
Skagit County, 1994
Source: Bureau of Economic Analysis



Transfer Payments

A transfer payment is generally seen as a payment from someone (usually the government) to another (usually an individual) from whom no service is received. This form of income has increased far more rapidly than the other two main components of personal income. Transfer payments grew by 271 percent since 1970, going from \$100 million to \$372 million in 1994. In 1970, they accounted for 14 percent of personal income; in 1994, 20 percent.

By far the largest portion of transfer payments are retirement related. This category includes social security payments, civilian federal, state, and local government retirement payments, and military pensions. It also includes Medicare payments, a very fast growing item.

Retirement-related transfer payments have grown 307 percent since 1970. The portion called income maintenance contains payments often thought of as welfare. This includes food stamps, AFDC, general assistance, and other programs. Income maintenance has grown less than retirement payments, 217 percent. Unemployment insurance is the third category. These payments follow economic cycles much more closely than the others and will have sharp ups and downs relating to the status of the business cycle.

Figures 45 and 46 show transfer payments to Skagit County residents; their growth rates since 1970 and their 1994 levels.

Figure 45
Changes in Transfer Payment Components
Skagit County, 1970-1994
Source: Bureau of Economic Analysis

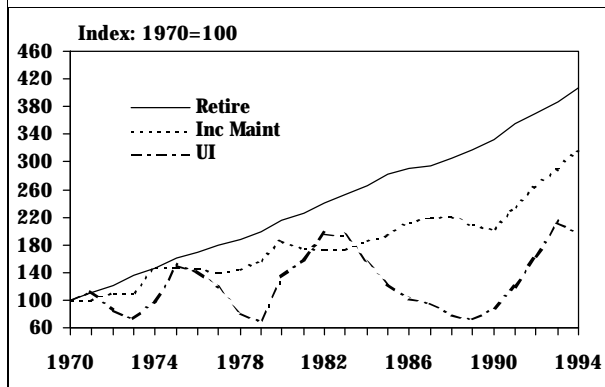
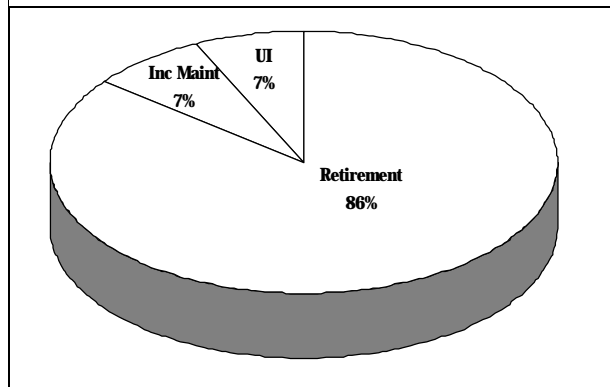


Figure 46
Components of Transfer Payments
Skagit County, 1994
Source: Bureau of Economic Analysis

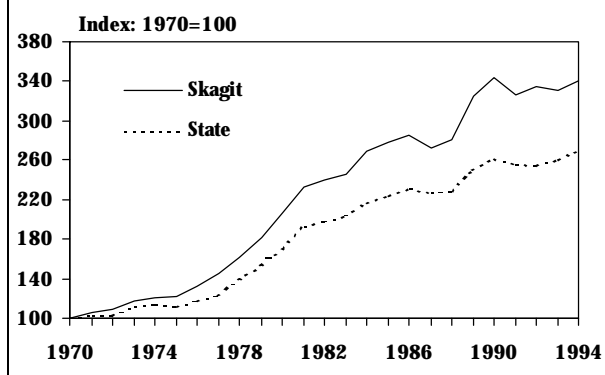


Investment Income

Investment income consists of income derived from dividends, interest, and rent. Growth in investment income in Skagit County has readily outpaced that of the state. Since 1970, the level has increased by 240 percent, going from \$105 million to \$360 million. In comparison, statewide investment income increased by 169 percent.

Figure 47 on the next page shows the growth rates for Skagit County and Washington from 1970 to 1994. The sharp increase of the late-1980s ended abruptly with the 1990-91 national recession in both the county and the state. Since then, the income stream has been up (1992), down (1993), and up (1994).

Figure 47
Investment Income
Skagit County & Washington, 1970-1994
Source: Bureau of Economic Analysis



JOB TRAINING AND ECONOMIC DEVELOPMENT

Job Training

The *Job Training Partnership Act (JTPA)* of 1982 established programs to prepare youth and unskilled adults for entry into the labor force. It is upon this legislation that the Employment Security Department and other providers base their job service programs. These JTPA programs are administered through the Washington State Employment Security Department.

Mount Vernon Job Service Center. The Mount Vernon JSC is a full-service office that provides a wide range of services to Skagit County. Many of the programs administered by the JSC are described briefly in the following section.

WORKFIRST is administered in cooperation with the Department of Social and Health Services and seeks to make those on public assistance self-sufficient through employment. Services include job planning and counseling, case management, child-care assistance, educational and vocational training, and job placement.

The *Claimant Placement Program* targets recent unemployment insurance applicants for job placement services to speed their return to work. This shortens the duration of unemployment for the individual and saves costs to the unemployment insurance trust fund.

Unemployment Insurance provides temporary financial assistance to eligible unemployed individuals who are able, available, and actively seeking work, or who are in approved training programs.

The *Economic Dislocation and Worker Adjustment Assistance Act (EDWAAA)* is a program designed to assist clients laid-off because of either plant closures or plant restructuring and technology improvements. Through this program, clients—in addition to receiving regular unemployment insurance benefits—work with counselors to assess their job skills and interests and draw up an individual training strategy. The strategy might include retraining at a community college with tuition and fees paid by the state. The program also provides clients with job search workshops to enhance

skills such as resume writing, application processing, and interviewing.

The *Trade Adjustment Act (TAA)* is another program administered by the JSC. This program is designed to assist those who have been displaced due to the impact of foreign imports on their industries. While the amount of benefits and compensation periods vary, the program offers services only after the U.S. Department of Labor certifies that the individual has indeed been dislocated as a result of such impacts on his or her industry.

Veterans Programs are also operated out of the Mount Vernon JSC. They include the *Local Veterans Employment Representative (LVER)* program and the *Disabled Veterans Outreach Program (DVOP)*. The gist of the programs is to provide counseling, career search skills, and job placement assistance.

The Northwest Washington Private Industry Council is a nonprofit corporation governed by business and community leaders. Its area of responsibility is Service Delivery Area III, consisting of Skagit, Whatcom, Island, and San Juan counties. The Council offers financial incentives which help local businesses reduce personnel costs by training and hiring local residents. Funding is provided through the Job Training Partnership Act. Its activities include providing financial incentives for companies which offer on-the-job training, and providing no-fee personnel services (advertising, recruiting, and screening for job openings).

The Northwest Washington PIC also provides free services to eligible individuals to help them find permanent jobs. (Eligibility requirements are based on low-income criteria, or dislocated worker status.) Training needs are customized to meet the assessed needs of each individual. Options include:

- Vocational training at community and technical colleges
- On-the-job training with private businesses
- Work experience with public and nonprofit agencies

- Computer assisted, individualized instruction in basic math and reading skills
- Instruction, seminars, and one-to-one assistance in career decision making and job search techniques
- Individualized job development, placement, and follow-up services
- Budgeting and financial referral and resources while in training

For further information, call 1-800-746-8555 in Skagit, Whatcom, Island, or San Juan counties.

Colleges and Universities. Skagit County has neither a four-year college nor university, but Western Wash-

ington University is only 27 miles north of Mount Vernon. Furthermore, a select number of courses are offered through the Washington State University Cooperative Education program in Mount Vernon.

The Skagit Valley Community College has come to play an important educational and economic development role in the region. Established in 1926, the Mount Vernon-based college offers courses in the areas of vocational and technical training, continuing education and adult basic education, as well as a college transfer program.

Economic Development

The **Economic Development Association of Skagit County (EDASC)** exists to promote a healthy economy for the county. It is a private, nonprofit corporation which seeks to create and retain jobs, and to recruit new businesses.

Its *Business and Job Retention Program* provides technical assistance and guidance, and sometimes professional services, to firms in danger of layoffs or closure. Over the last two years, 50 industrial and manufacturing firms have received direct technical assistance and over 300 jobs have been saved.

EDASC works to identify and attract businesses to invest in Skagit County through its *Business Recruitment Program*. EDASC will help analyze a prospect's needs and interests to determine the suitability of that business to locate in the county. Efforts include providing access to capital, reviewing tax incentive programs, identifying sites, providing research and information, assisting in the permit process, and other general business assistance services.

EDASC also conducts workshops and seminars; provides information on trade development, exporting, and marketing; and serves as an information clearinghouse and resource center.

Transportation. Skagit County is accessible by several modes of transportation: major highways, railroads, marine ports, and airports are located in the area,

facilitating the county's economic development. Interstate 5 is the primary north-south highway and, of course, connects the county with major markets to the north and south. Highway 20 runs east-west and connects most of the county's larger cities.

The county has five airfields (two public and three private), four of which are located in the Skagit Valley. The Skagit Regional Airport in Burlington, the larger of the two public fields, has two runways, each over 5,000 feet in length. The other public field, Anacortes Airport, is operated by the Port of Anacortes and has a 3,000-foot runway. The one field found outside of the Skagit Valley is in Concrete.

The Port of Anacortes, in addition to servicing ships, has two berths to handle cargo such as logs, steel, lumber and dry bulk commodities. The port also has two slips for barge service. There are a number of companies that provide various marine services such as chandlery, charters, loading, barging and other activities.

The Burlington Northern Railroad Company operates 24 active spurs within the county. It hauls cargoes similar to those hauled by the port.

Industrial Parks. The Port of Anacortes operates a 60-acre industrial park, while the Port of Skagit County operates the Bayview Business and Industrial Park, which consists of 1,800 acres.

SUMMARY

Skagit County has traditionally relied upon timber, agriculture, and food processing as its economic mainstays and these industries all remain viable, even dynamic. Even though the timber industry has had difficult times, it remains a significant industry in the county—and its worst times are probably over. One of the strong points of the county's economy is its industrial diversification. Its manufacturing sector has a number of strong industries that are not mutually dependent. They include food processing, timber, petroleum refining, and transportation equipment. Outside manufacturing, there are strong trade and services sectors.

Supplementing the above, the county has a number of important advantages over other areas. Transportation systems, ports, abundant land and resources, and a relatively strong labor force combine to attract and maintain viable industries. The county also lies between two major metropolitan areas: Seattle-Bellevue-Everett and Bellingham-Vancouver B.C. As such, it is ideally situated to be both a supplier of goods to those markets and a conduit for trade between the two.

The population of Skagit County has been growing at rates surpassing population growth throughout the state. This has been particularly noticeable in the last few years: from 1990 through 1996, the county added almost 16,000 residents. This 20 percent increase was considerably greater than the statewide 13 percent growth. Almost identical growth occurred in the labor force, which also outpaced statewide increases. The percentage of the labor force without jobs was also greater—largely attributed to the seasonal nature of the economy. In 1996, 9.7 percent of Skagit County's labor force and 6.5 percent of Washington's labor force was unemployed. Current unemployment in Skagit County, while high compared to the state, is less than the county's average of the last 25 years, 11.1 percent.

Growth in industry employment, of course, has varied from sector to sector. Over the last 20 years there has been a significant shift from goods-producing to services-producing employment in the county. Manufacturing has seen its share of total county em-

ployment decline from 25 percent in 1970 to 13 percent in 1996. (The actual numbers in manufacturing increased, but at a slower pace than other sectors: since 1970 it has added over 1,200 jobs.) Trade (wholesale and retail) has become the largest industry sector, employing 10,310 workers in 1996, a 30 percent share of nonfarm employment. The services sector has grown more rapidly than any other and is now the second largest industry sector in the county with about 7,700 workers. Government, the county's largest sector in 1970, now falls behind services in size. Its 7,390 workers comprise 21 percent of the county's employment. Unusual for western Washington, the agricultural sector is a strong one, with about 3,200 covered workers, the bulk involved in bulb production (Skagit Valley's famous tulips), vegetable crops, and dairying.

Wages are finally starting to rise at a pace greater than inflation. After steadily declining for more than a decade, real wages are beginning to improve. The average dropped more than \$7,000 from 1976 to 1990, falling from \$27,968 to \$20,799. Since 1990, the low point, the average wage for Skagit County has been moving up and reached \$22,209 in 1995. Per capita income, which captures all types of income, has remained flat since 1990. In 1994, it was \$20,177. Growth of total personal income has outpaced the statewide growth rate, but the county's population increases have been even greater, thereby keeping the per capita income level relatively flat.

The economy in Skagit County is performing well. Its proximity to major markets as well as its access to all forms of transportation gives it a comparative advantage over many other areas. The economy is not dependent upon a single industry; it shows strong diversification with solid representation by many different types of industries. There is also significant "spillover" from Puget Sound with many county residents commuting to jobs in Snohomish and King counties and bringing their paychecks home. Further, strong economies at the national, and particularly the state level, have contributed to the overall economic growth of the county.